

## COUNTY OF MILWAUKEE

### INTER-OFFICE COMMUNICATION

DATE: April 24, 2013

TO: Marina Dimitrijevic, Chairwoman County Board of Supervisors  
Michael Mayo, Sr, Chairman Transportation, Public Works and Transit Committee

FROM: Brian Dranzik, Director, Department of Transportation

SUBJECT: Approval of Milwaukee Transport Services, Inc. Executive Personnel

#### **POLICY**

Approval of Executive Personnel replacement is required under the Milwaukee Transport Services, Inc. contract.

#### **BACKGROUND**

Mr. Lloyd Grant, Managing Director of Milwaukee Transport Services, Inc. (MTS) announced his retirement effective May 1, 2013. Mr. Mike Giugno, Deputy Director of MTS has been recommended as the successor to Mr. Lloyd Grant as the Managing Director.

Mr. Giugno has been with MTS for 32 years. He has progressively advanced through MTS serving most recently as the Deputy Director and Vice President. Prior to his current role, he has served as Director of Operations and Director of Transportation within MTS. Mr. Giugno has a comprehensive understanding of transit operations.

For the time being, MTS will leave the Deputy Director position unfilled, however, Ms. Sandra Kellner has been named Vice President to serve in Mr. Giugno's absence.

#### **RECOMMENDATION**

The Director of Transportation recommends that Mr. Mike Giugno be approved as Managing Director of Milwaukee Transport Services, Inc.

Approved by:

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Brian Dranzik, Director  
Department of Transportation

Cc: Chris Abele, Milwaukee County Executive  
Amber Moreen, Chief of Staff, Milwaukee County Executive Chris Abele  
Kelly Bablitch, Chief of Staff, County Board of Supervisors  
Don Tyler, Director, Department of Administrative Services  
Kimberly Walker, Corporation Counsel  
Josh Fudge, Interim Fiscal and Budget Administrator, DAS



## MICHAEL J. GIUGNO

### **PROFESSIONAL EXPERIENCE:**

- April 2011-Present      Vice President & Deputy Director  
Ensures the effective and efficient performance of the Transportation, Maintenance, Schedule and Planning, Information Technology, Materials Management, Risk Management, Paratransit and Human Resources Departments through the formulation, interpretation, direction and monitoring of Company policy with respect to the functions of each department. Provide guidance, direction and monitoring to the daily operations of each of the departments. Oversee all security related matters.
- January 2004-Present      MTS Contract Administrator-Transit Security  
Responsible for the supervision and monitoring of the security contract. Authority to make both operational and managerial decisions affecting operation of the services as specified by the security contract.
- January 2007-April 2011      Director of Operations  
Ensured the effective and efficient performance of the Transportation, Maintenance and Schedule and Planning Departments through the formulation, interpretation, direction and monitoring of Company policy with respect to the functions of each department. Provided guidance, direction and monitoring to the daily operations of each of the aforesaid departments. Oversaw all security related matters.
- May 1994-January 2007      Director of Transportation  
Directed the activities of all Transportation Department personnel in the following areas: station operation, street and dispatch operations, operator training and customer service. Handled the second step of the grievance process with ATU Local 998.
- June 1990-May 1994      Manager of Street Operations-Transportation Department  
Responsible for the supervision of daily transit operations; ensured that daily service was operated as scheduled in accordance with established Company operating policies; coordinated the operation of special event service; served as liaison with other agencies and organizations regarding transit operations.
- January 1990-June 1990      Management Analyst-Executive Department  
Responsible for handling a wide range of tasks, projects and studies which support the goals and strategic initiatives of the organization. Participated in the development of the reorganization plan for the Transportation Department. Member of management negotiating team with ATU Local 998.
- June 1987-January 1990      Operations Analyst-Transportation Department  
Performed duties within all areas of responsibility of the Transportation Department. Researched operating procedures; analyzed statistical data; responded in writing to public complaints; researched and prepared reports on operational matters within each division of the department.

**EDUCATION:**

San Diego State University, San Diego, CA, 1972  
Bachelor of Arts, English  
University of Wisconsin - Milwaukee, 1975-1978  
Secondary Education  
Marquette University-Continuing Education, Milwaukee, 1990-1994  
Managerial Courses

**PROFESSIONAL  
AFFILIATIONS:**

Past President and Member, Board of Directors, Red Bus Association  
Board of Directors, Transport Employee Mutual Benefit Society  
Member, Summerfest Task Force  
Member, American Public Transportation Association

1 (Item )From the Director, Department of Transportation requesting approval of  
2 Executive Personnel change for Milwaukee Transport Services, Inc. (MTS), by  
3 recommending adoption of the following:  
4

5  
6 **A RESOLUTION**  
7

8  
9 WHEREAS, Mr. Lloyd Grant announced his retirement effective May 1, 2013;  
10 and  
11

12 WHEREAS, MTS, Inc. has recommended that Mr. Mike Giugno will replace Mr.  
13 Grant as the Managing Director of MTS, Inc; and  
14

15 WHEREAS, Mr. Giugno is currently the Deputy Director and Vice President of  
16 MTS; and  
17

18 WHEREAS, Mr. Giugno has been with MTS for 32 years serving in various roles  
19 most recently as Deputy Director and Vice President, Director of Operations, and  
20 Director of Transportation ; and  
21

22 WHEREAS, MTS has not determined a successor to the Deputy Director position  
23 but has named Ms. Sandra Kellner to the position of Vice President to serve in Mr.  
24 Giugno's absence; now, therefore,  
25

26 BE IT RESOLVED, that Mr. Mike Giugno be approved as Managing Director of  
27 Milwaukee Transport Services, Inc.  
28  
29  
30

## MILWAUKEE COUNTY FISCAL NOTE FORM

**DATE:** 4/25/13

Original Fiscal Note ☒

Substitute Fiscal Note ☐

**SUBJECT:** Approval of Mr. Mike Giugno to the position of Managing Director of Milwaukee Transport Services, Inc.

### FISCAL EFFECT:

- |  |  |
|--|--|
| <input checked="" type="checkbox"/> No Direct County Fiscal Impact                                     | <input type="checkbox"/> Increase Capital Expenditures |
| <input type="checkbox"/> Existing Staff Time Required  | <input type="checkbox"/> Decrease Capital Expenditures |
| <input type="checkbox"/> Increase Operating Expenditures<br>(If checked, check one of two boxes below) | <input type="checkbox"/> Increase Capital Revenues     |
| <input type="checkbox"/> Absorbed Within Agency's Budget   | <input type="checkbox"/> Decrease Capital Revenues     |
| <input type="checkbox"/> Not Absorbed Within Agency's Budget   |  |
| <input type="checkbox"/> Decrease Operating Expenditures   | <input type="checkbox"/> Use of contingent funds       |
| <input type="checkbox"/> Increase Operating Revenues   |  |
| <input type="checkbox"/> Decrease Operating Revenues   |  |

*Indicate below the dollar change from budget for any submission that is projected to result in increased/decreased expenditures or revenues in the current year.*

	Expenditure or Revenue Category	Current Year	Subsequent Year
Operating Budget	Expenditure	\$0	
	Revenue	\$0	
	Net Cost	\$0	
Capital Improvement Budget	Expenditure	\$0	
	Revenue	\$0	
	Net Cost	\$0	

## DESCRIPTION OF FISCAL EFFECT

In the space below, you must provide the following information. Attach additional pages if necessary.

- A. Briefly describe the nature of the action that is being requested or proposed, and the new or changed conditions that would occur if the request or proposal were adopted.
- B. State the direct costs, savings or anticipated revenues associated with the requested or proposed action in the current budget year and how those were calculated.<sup>1</sup> If annualized or subsequent year fiscal impacts are substantially different from current year impacts, then those shall be stated as well. In addition, cite any one-time costs associated with the action, the source of any new or additional revenues (e.g. State, Federal, user fee or private donation), the use of contingent funds, and/or the use of budgeted appropriations due to surpluses or change in purpose required to fund the requested action.
- C. Discuss the budgetary impacts associated with the proposed action in the current year. A statement that sufficient funds are budgeted should be justified with information regarding the amount of budgeted appropriations in the relevant account and whether that amount is sufficient to offset the cost of the requested action. If relevant, discussion of budgetary impacts in subsequent years also shall be discussed. Subsequent year fiscal impacts shall be noted for the entire period in which the requested or proposed action would be implemented when it is reasonable to do so (i.e. a five-year lease agreement shall specify the costs/savings for each of the five years in question). Otherwise, impacts associated with the existing and subsequent budget years should be cited.
- D. Describe any assumptions or interpretations that were utilized to provide the information on this form.

This resolution approves Mr. Mike Giugno as the Managing Director of Milwaukee Transport Services, Inc. The resolution is a change in personnel that is currently budgeted for. There is no fiscal impact to this resolution

Department/Prepared By Brian Dranzik, Director of Transportation

Authorized Signature \_\_\_\_\_

Did DAS-Fiscal Staff Review? ☐ Yes ☒ No

Did CBDP Review?<sup>2</sup> ☐ Yes ☐ No ☒ Not Required

<sup>1</sup> If it is assumed that there is no fiscal impact associated with the requested action, then an explanatory statement that justifies that conclusion shall be provided. If precise impacts cannot be calculated, then an estimate or range should be provided.

<sup>2</sup> Community Business Development Partners' review is required on all professional service and public work construction contracts.

**COUNTY OF MILWAUKEE**  
**INTEROFFICE COMMUNICATION**

Date: April 17, 2013

To: Supervisor Michael Mayo, Sr., Chairman, Transportation, Public Works and Transit Committee

From: Brian Dranzik, Director, Department of Transportation

Subject: Response to Chairwoman Dimitrijevic's Memo regarding the Milwaukee County Transit System Management Request for Proposals

**POLICY**

This report is informational.

**BACKGROUND**

As requested by the Chairman of the Committee on Transportation, Public Works and Transit a response to a memo from County Board Chairwoman Marina Dimitrijevic dated April 9, 2013 titled "Informational Report, Milwaukee County Transit System Management Contact is attached for review.

**RECOMMENDATION**

No recommendation is required at this time.

Prepared by: Brian Dranzik, Director

Approved by:

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Brian Dranzik, Director of Transportation

Cc: Chris Abele, County Executive  
Marina Dimitrijevic, Chairwoman, Milwaukee County Board of Supervisors  
Amber Moreen, County Executive Chief of Staff  
Kelly Bablitch, Chief of Staff, Milwaukee County Board of Supervisors  
Kimberly Walker, Corporation Counsel



**COUNTY OF MILWAUKEE**  
INTEROFFICE COMMUNICATION

**Department of Transportation**  
Brian Dranzik, Director

DATE: April 17, 2013

TO: Marina Dimitrijevic, Chairwoman, Milwaukee County Board of Supervisors

FROM: Brian Dranzik, Director of Transportation

SUBJECT: Milwaukee County Transit System Management Contract Response

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In response to your memo requesting information about the transit management RFP, I would like to respond to each of your questions as they are proposed.

***What is the Scope of the RFP?***

Milwaukee County Department of Transportation (MCDOT) is seeking proposals from qualified transit management providers necessary for the efficient daily operation of the collective fixed route bus and paratransit system. We are looking for a firm to provide implementable recommendations toward the provision of sustainable and efficient mass transit and paratransit services. This could include recommendations for cost savings opportunities, operational efficiencies, increased ridership or revenue enhancement. Such recommendations would be up to bidders to provide as part of their response to the RFP.

***Is the RFP limited to management of mass transit services? If not, what other transportation services are included in the RFP?***

The RFP as stated in the scope is for mass transit and paratransit services. No other transportation services are requested under the RFP for transit management services.

***Does the scope allow bids from non-profit and for-profit organizations?***

The bid does not restrict either non-profit or for profit organizations.

***Does this RFP for contractors preclude the possibility of having Milwaukee County employees manage the transit system? If not does MC DOT plan to bid?***

The RFP is seeking qualified transit management through a competitive process. As with the current contract arrangement, Milwaukee County would delegate authority to the contractor for transit services within overall parameters set by Milwaukee County. The



Department is responsible for seeking a successful bidder and, therefore, would not bid on its own contract.

***Is there a priority placed on the solicitation of local vendors and jobs?***

This RFP may involve the inclusion of federal funds and therefore may not state a local hiring preference for vendors. The RFP does state a preference for vendors who provide for consideration of hiring current transit employees should there be a change in vendor.

***Is it anticipated that the vendor would manage paratransit services? If not, would the MCDOT directly manage paratransit services?***

The scope does require the bidder to manage paratransit services. Furthermore, it should be noted that Milwaukee County DOT does not have adequate staff to operate paratransit services.

***What are the Disadvantaged Business Enterprise goals in the RFP and/or contract?***

We have recently received a waiver for DBE goals on this RFP which is consistent with past practice.

***Is there an assumption about how employees would be managed under this RFP and/or contract?***

Employment of all necessary staff would be responsibility of the transit management service provider as it is today. As stated above, the RFP does state a preference for vendors who provide for consideration of hiring current transit employees should there be a change in vendor.

***Will the RFP point to a specific contract? If so, how will the public be assured of a more transparent process than the one we just witnessed?***

We intend to include a draft Management Services Agreement with the RFP.

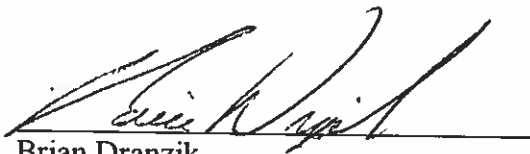
In addition to the specific questions you raised in your memo, you also ask if the Administration is willing to incorporate recommendations within the RFP and/or eventual contract based on the findings of the Milwaukee County Auditor. Now that the audit is out, we have a clearer understanding of what those findings are. The audit findings primarily request that MC DOT management work with MTS, Inc. management, the current vendor, to make sure MTS addresses issues with their process and procedures. The Department of Transportation concurs with the findings of the audit and is committed to implementing its recommendations.

In response to your memo, I hope you will find the goal of the Department in producing this RFP is to contractually partner with a transit service provider that has the experience and knowledge to professionally manage and operate transit in Milwaukee. We look

forward to a competitive process that garners responses from providers who can demonstrate the potential to increase ridership, increase revenue and achieve savings for the system. Given the perilous funding situation that transit is in currently, finding innovative ways to increase revenue and achieve savings is paramount in maintaining transit services levels to the riding public who relies on this service.

Please keep in mind that the RFP is currently under development until its release, which is anticipated in late April. Corporation Counsel has advised that discussion of the content of RFP materials that are under development, if released, may provide an advantage to one firm over another resulting in a dispute or appeal of the RFP process. The Committee on Transportation, Public Works and Transit heard the RFP committee item under closed session as advised by Corporation Counsel. It is the Department's goal to keep the RFP process fair and unbiased to all who may to present a proposal under this competitive process.

In closing I would like to thank you for your concern and interest as I know you are a supporter of transit services for Milwaukee County. I especially appreciate the remarks in the closing paragraph. I believe we do have a combined goal of establishing a contract that provides for greater accountability and is protective of the taxpayer's interest.



Brian Dranzik  
Director of Transportation

**An Audit of Emergency Contract Extensions  
for Paratransit Services Negotiated by  
Milwaukee Transport Services, Inc. for a  
3-Year Period Effective November 1, 2012**

**April 2013**

**Milwaukee County Office of the Comptroller  
Audit Services Division**

**Scott B. Manske, CPA  
Milwaukee County Comptroller**



**Jerome J. Heer, Director of Audits  
Douglas C. Jenkins, Deputy Director of Audits**

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James D. Felde, CPA, CFE  
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Office of the Comptroller  
Audit Services Division

# Milwaukee County

Jerome J. Heer  
Douglas C. Jenkins

- Director of Audits
- Deputy Director of Audits

April 15, 2013

To the Honorable Chairman  
of the Board of Supervisors  
of the County of Milwaukee

We have completed *An Audit of Emergency Contract Extensions for Paratransit Services Negotiated by Milwaukee Transport Services, Inc. for a 3-Year Period Effective November 1, 2012.*

The attached audit report identifies five key factors that contributed to MTS management abandoning its competitive proposal process for paratransit van service in 2012 and instead negotiating emergency contract extensions with its existing vendors. The report concludes that there is a need for improved clarity in the lines of accountability for management of the Milwaukee County Transit System.

An estimate of the fiscal implications of the emergency contract extensions is provided. The report also identifies a limited number of options that could be considered for terminating the emergency contract extensions and includes a recommendation for MCDOT and the Office of Corporation Counsel to explore those and any other possibilities for recovering some of the negative fiscal implications of the emergency contract extensions without disrupting paratransit van services.

The report provides recommendations to address specific issues noted during the audit.

A response from the Milwaukee County Department of Transportation (MCDOT), with input from MTS, Inc. is included as **Exhibit 5**. We appreciate the cooperation extended by staff and management from MCDOT, MTS and the Office of Community Business Development Partners during the course of this audit.

Please refer this report to the Committee on Finance, Personnel and Audit.

Jerome J. Heer  
Director of Audits

JJH/DCJ/cah

Attachment

cc: Scott B. Manske, Milwaukee County Comptroller  
Milwaukee County Board of Supervisors  
Chris Abele, Milwaukee County Executive  
Don Tyler, Director, Department of Administrative Services  
Brian Dranzik, Director, Department of Transportation  
Lloyd Grant, Managing Director, MTS, Inc.  
Kelly Bablitch, Chief of Staff, County Board Staff  
Craig Kammholz, Fiscal & Budget Administrator, DAS  
Steve Cady, fiscal & Budget Analyst, County Board Staff  
Carol Mueller, Chief Committee Clerk, County Board Staff

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# **An Audit of Emergency Contract Extensions for Paratransit Services Negotiated by Milwaukee Transport Services, Inc. for a 3-Year Period Effective November 1, 2012**

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<b>Table of Contents</b>	<b>Page</b>
Summary .....	1
Background .....	5
Section 1: The Facts of the Procurement .....	10
Section 2: Financial Implications of Emergency Contracts.....	25
Section 3: Key Factors Leading to Emergency Contract Extensions .....	29
Exhibit 1: Audit Scope .....	45
Exhibit 2: MTS' 2012 Procurement Procedures .....	47
Exhibit 3: 2012 Emergency Contract Extension Agreements for Paratransit Van Services .....	55
Exhibit 4: Office of Community Business Development Partners Correspondence to Paratransit Van Services Providers re: DBE Participation .....	67
Exhibit 5: Response from the Milwaukee County Department of Transportation and MTS, Inc. ....	73

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## Summary

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On March 17, 2013 an article published in the *Milwaukee Journal-Sentinel* chronicled a process under which competitive proposals were sought in 2012 for the provision of paratransit van services to residents of Milwaukee County with disabilities. According to the article, there were multiple problems encountered during the process. An appeal of the initial contract award decision and related management decisions led to the negotiation of separate three-year emergency contract extensions with the two existing vendors. According to the authors of the article, the cost over the life of the contract extensions totaled approximately \$8.6 million more than the presumptive winning proposal.

An immediate detailed review and audit of events leading to the execution of the emergency contracts was directed by both the Milwaukee County Comptroller and the County Board of Supervisors. This report fulfills the directives of both the Comptroller and the County Board.

### **Paratransit Services in Milwaukee County**

The Milwaukee County Department of Transportation (MCDOT) provides public transit services through the Milwaukee County Transit System (MCTS). Direct management and operation of the transit system, including paratransit services, is contractually provided by Milwaukee Transport Services, Inc. (MTS). The MCDOT provides administrative oversight of the MTS contract.

Transit Plus is the name of the program under which MTS provides accessible transportation services for those persons who cannot use an MCTS fixed-route bus due to a qualifying disability under the Americans with Disabilities Act (ADA). Paratransit operations include the provision of client orientation to transportation services as well as demand responsive transportation. There are two forms of transportation provided under the Transit Plus program, taxicab service, for more ambulatory clients, and van service for more physically challenged clients. Under the contracts that expired October 31, 2012, there were two van service providers. Transit Express provided service for clients in the northern portion of the County, while First Transit provided service for clients in the southern portion of the County. In its 2012 RFP solicitation, MTS entertained proposals for each service area individually, as well as for serving Milwaukee County as a whole. The reason for this modification is, due to a significant reduction in van service ridership in recent years, MTS reasoned that it potentially could be more economical for a single vendor to provide service for the entire County.

## **The Facts of the Procurement**

Provisions in the management and operations agreement require MTS to follow all applicable Federal Transit Administration (FTA) and Milwaukee County procurement procedures. Through the management and operations agreement, Milwaukee County delegates responsibility for procurements to MTS. To comply with those provisions, MTS has developed written procedures that closely mirror the County's Chapter 32 procurement ordinance. The process utilizes the FTA concept of a 'Best Value' procurement that parallels the County's 'Negotiations and Competitive Proposals' process described in s. 32.36 of the County Ordinances. An abridged version of the MTS procurement procedures is presented here; the full text of the procedures is presented as **Exhibit 2**.

### Key Factors Leading to the Emergency Contract Extensions

A detailed and comprehensive timeline of events as they unfolded during MTS's 2012 solicitation of proposals for paratransit van services is presented in **Section 1** of this report.

Five key factors contributed to MTS management abandoning its competitive proposal process for paratransit van service in 2012 and instead negotiating emergency contract extensions with its existing vendors. While none of the five factors, in isolation, would have triggered that outcome, their cumulative effect resulted in MTS management concluding that the contract extensions were its only option to avoid interruption in critical services to a dependent clientele. The five key factors resulting in the emergency contract extensions were:

- An initial delay of 23 days in the development of specifications by MTS' Transit Plus staff for inclusion in the RFP solicitation.
- A subsequent delay of 22 days to determine a Disadvantaged Business Enterprise (DBE) goal for the eventual contract award, to be included in the RFP solicitation. Milwaukee County's Office of Community Business Development Partners (CBDP) is responsible for the establishment of contract goals for all County contracts, including those awarded by MTS.
- An additional delay of 22 days while MTS awaited written guidance from the Federal Transit Authority (FTA) regarding a procedural matter. The actual time elapsed from the request for guidance until the written response arrived was 52 days.
- A 10-day delay from the initial date scheduled for the Appeals Committee hearing on Transit Express' appeal of the intended contract award. The delay was to accommodate advocates for persons with disabilities' desire to attend and have input in the hearing.
- Lack of a continuation clause in the existing paratransit van service contracts and an unwillingness on the part of both existing vendors at different points in the process to accommodate MTS requests for short term contract extensions at reasonable terms.

## **Fiscal Implications of Emergency Contracts**

A calculation of the financial implications of the two 3-year emergency contract extensions for paratransit van services cannot be determined with certitude because the contract costs are estimates based on fixed rates per ride. Therefore, the actual annual cost of each contract is dependent on the number of rides provided. Consequently, calculation of the cost of the contract extensions must rely on estimated paratransit van ridership.

Assuming the same ridership estimates as contained in the RFP specifications, MTS will pay its two existing vendors a total of \$40.3 million. In addition, MTS paid the presumptive winning proposer \$225,000 for costs alleged to have been incurred for beginning preparations to assume the entire service area of Milwaukee County. MTS did not, however, demand supporting documentation to verify the validity of those alleged start-up costs. Therefore, assuming the same ridership figures that MTS used to evaluate proposals, the emergency contract extensions cost an estimated \$8.6 million more than the presumptive winning proposal.

However, paratransit van ridership has declined significantly in recent years. Therefore, MTS has recently projected lower ridership totals for paratransit van service during the next three years. These new estimates reduce the estimates upon which the 2012 proposals were made by 6.2% for the first year of the contract, by 8.3% in the second year, and by 10.1% for the third year. We reviewed monthly ridership data for 2011, 2012 and the first three months of 2013 and believe MTS' revised projections are reasonable and based on actual ridership patterns. Using the revised ridership figures, the estimated cost of the emergency contract extensions is reduced from \$8.6 million to \$7.9 million dollars.

Therefore, had there been no delays in the procurement process and any appeals were denied, we estimate the cost of the two 3-year emergency contract extensions for paratransit van services cost between \$7.9 million and \$8.6 million, depending on actual ridership during the contract period. Given recent trends, it is more likely that the figure will be closer to the lower value of the range than the higher. However, it should be noted that at the time the decision was made to execute the emergency contract extensions, the best information available indicated there would be a resulting cost of \$8.6 million.

One further note regarding the calculation of the cost of the emergency contract extensions. The presumptive winning proposal was made on the basis of one provider serving the entire County, while the emergency contract extensions were executed with two providers, each serving separate sections covering roughly half of the County.



## **Conclusions and Recommendations**

Our review of the events leading to the issuance of the two three-year emergency contracts for paratransit van services and discussions with principal players suggests the need for improved clarity in the lines of accountability for management of the Milwaukee County Transit System. Specific accountabilities, lines of authority should be clearly delineated between the Milwaukee County Department of Transportation and Milwaukee Transport Services, Inc. regarding working relationships with the Federal Transit Administration and internal County departments such as the Office of Community Business Development Partners. This report includes recommendations to address these issues.

In addition, questions have been raised regarding the ability of MTS to terminate the emergency contract provisions and re-bid the paratransit van service contract. However, since the emergency contract extensions do not include a continuation of services clause, pursuing any of the above options begs the question: how could a continuation of paratransit van service to Milwaukee County's persons with disabilities be guaranteed? We identified a limited number of options that could be considered for terminating the emergency contract extensions and include a recommendation for MCDOT and the Office of Corporation Counsel to explore these and any other possibilities for recovering some of the negative fiscal implications of the emergency contract extensions without disrupting paratransit van services.

We appreciated the cooperation extended by management and staff of the Milwaukee Transport Services, Inc., the Milwaukee County Department of Transportation and the Office of Community Business Development Partners. A response by MCDOT management with input from MTS is attached as **Exhibit 5**.

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## Background

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On March 17, 2013 an article published in the *Milwaukee Journal-Sentinel* chronicled a process under which competitive proposals were sought in 2012 for the provision of paratransit van services to residents of Milwaukee County with disabilities. According to the article, there were multiple problems encountered during the process. These included potential problems associated with two of the proposals, delays associated with an inquiry seeking procedural guidance from the Federal Transit Administration, an appeal of the initial contract award decision and related management decisions led to the negotiation of separate three-year contract extensions, awarded on an emergency basis, with the two existing vendors. According to the authors of the article, the cost over the life of the contract extensions, both of which went into effect November 1, 2012, plus additional costs approved by management, totaled approximately \$8.6 million more than the presumptive winning proposal.

Based on the March 17 article, later that same day the Milwaukee County Comptroller directed the Audit Services Division within the Office of the Comptroller to conduct an immediate review of the 2012 paratransit contract bid process. As part of that review, the Comptroller requested a detailed analysis of the following:

- the Request for Proposal (RFP) process;
- the responses to the RFP from vendors;
- the awarding of the emergency contracts;
- the review panel;
- the inquiry to the Federal Transit Administration;
- a calculation of the estimated fiscal impact to Milwaukee County over the duration of the emergency contracts.

On March 21, 2013 the Milwaukee County Board of Supervisors authorized and directed an audit of the emergency contracts to “better understand the facts of the procurement, including the related financial implications, and any recommendations to improve the current process.”

This report fulfills the directives of both the Comptroller and the County Board.

### **Paratransit Services in Milwaukee County**

The Milwaukee County Department of Transportation (MCDOT) provides public transit services through the Milwaukee County Transit System. Direct management and operation of the transit system, including paratransit services, is provided by Milwaukee Transport Services, Inc. (MTS). MTS is a non-stock, non-profit corporation under Chapter 181 of Wisconsin State Statutes. MTS

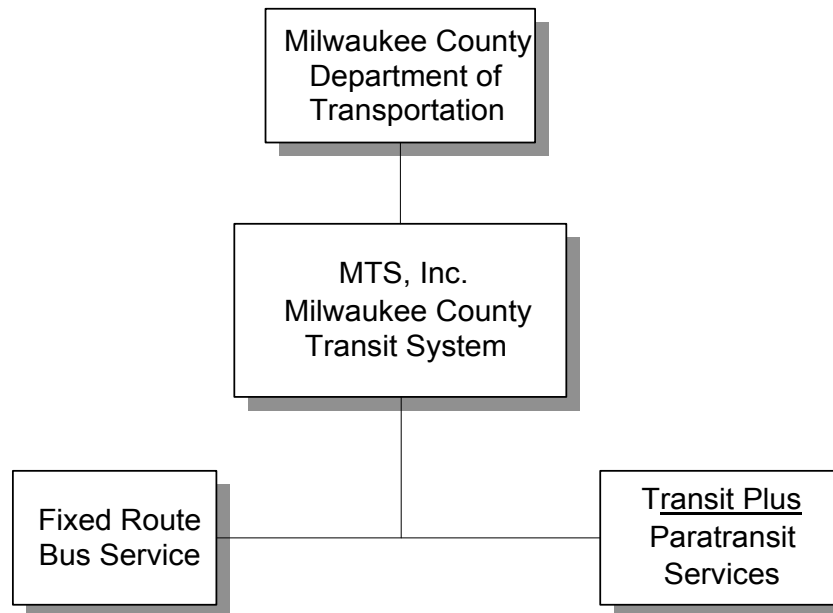
has provided these services since the Milwaukee and Suburban Transport Corporation was acquired by Milwaukee County in 1975. Under a contract with the County, the corporation provides two employees; a Managing Director and a Deputy Director. Total compensation under the contract is limited to the wages and benefits of these two individuals. While the corporation serves as the employer for all other management, supervisory and operating personnel, costs for these employees are treated as expenses of the transit system, not MTS.

The MCDOT provides administrative oversight of the MTS contract; conducts various transit-related studies; prepares and administers Federal and State transit grants. Division personnel also facilitate the acquisition of capital equipment, and provide design and construction services for capital facilities.

Transit Plus is the name of the program under which MTS provides accessible transportation services for those persons who cannot use an MCTS fixed-route bus due to a qualifying disability under the Americans with Disabilities Act (ADA). Paratransit operations include the provision of client orientation to transportation services as well as demand responsive transportation. There are two forms of transportation provided under the Transit Plus program, taxicab service, for more ambulatory clients, and van service for more physically challenged clients. This audit focuses on two emergency contract extensions negotiated by MTS management in October 2012 with the two vendors providing van services under contract with MTS.

**Figure 1** shows an abbreviated organizational chart depicting the manner in which the Transit Plus program is operated.

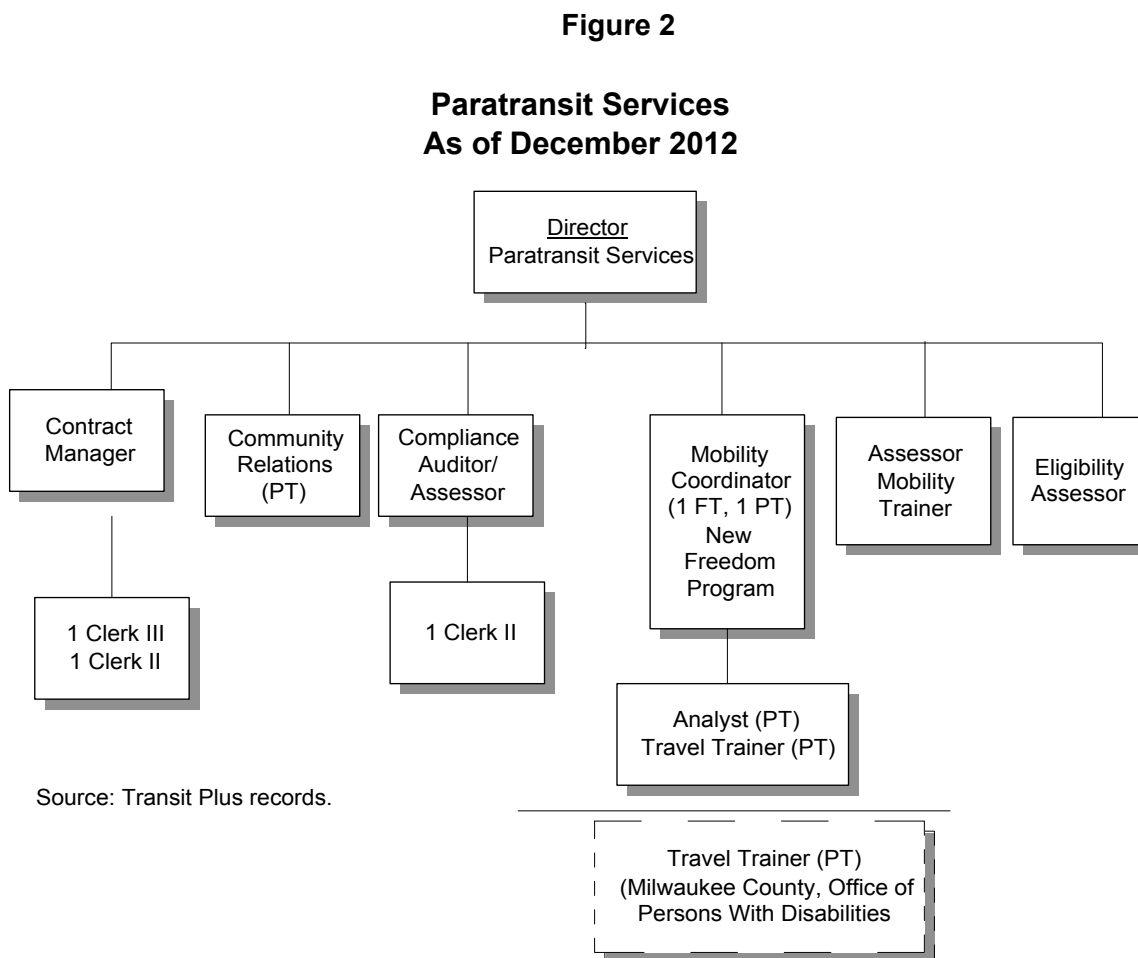
**Figure 1**  
**Milwaukee County Transit System**



Source: 2013 Milwaukee County  
Adopted Budget and Milwaukee County  
Transit System Website

As of December 2012, Transit Plus was staffed with nine full time and four part time employees.

**Figure 2** shows the 2012 MTS Transit Plus organizational chart.



In calendar year 2012, the Transit Plus program provided 459,805 van rides to approximately 3,800 unique clients. Payments to vendors for van rides in 2012 totaled \$12.9 million, resulting in an average cost of \$28.03 per ride. Individual clients purchase tickets at the rate of \$4 per ride from the program, while institutional agencies purchasing tickets on behalf of their clients are charged \$16.55 per ticket.

Two policy initiatives in recent years have contributed to a significant reduction in the number of van rides provided under the Transit Plus program:

- In 2009, MCTS began coordinating with the Milwaukee County Office for Persons with Disabilities and other County agencies to continue to provide free bus rides on the fixed-route system for eligible persons with disabilities through the Federal New Freedom Initiative. The County sponsored the New Freedom Pass, with the goal of continuing to expand mobility and reducing the need for paratransit service. Free rides tracked under the program increased from 69,696 in 2010 to 95,988 in 2012.

- In 2010, Transit Plus discontinued offering subsidized van ride tickets to institutions that received Title 19 funding, such as the County's Family Care program and Goodwill Industries. The rationale for this initiative was that Title 19 funding for those institutions includes a client transportation component, and therefore Transit Plus should not use its limited resources to cross-subsidize those programs.

**Table 1** shows the trend in Transit Plus van rides during the five-year period 2008 through 2012. The data show that there were 43.4% fewer Transit Plus van rides in 2012 than in 2008.

<b>Table 1</b> <b>Transit Plus Van Rides</b> <b>2008–2012</b>		
<u>Year</u>	<u>Rides</u>	<u>% Change</u>
2008	812,409	
2009	874,416	7.6%
2010	832,136	-4.8%
2011	678,676	-18.4%
2012	459,805	-32.2%
<b>Total Change, 2008–2012</b>	<b>-352,604</b>	<b>-43.4%</b>
Source: Transit Plus program.		

Under the contracts that expired October 31, 2012, there were two van service providers. Transit Express provided service for clients in the northern portion of the County, while First Transit provided service for clients in the southern portion of the County. In its 2012 RFP solicitation, MTS entertained proposals for each service area individually, as well as for serving Milwaukee County as a whole. Thus, the process could potentially result in either one or two vendors serving existing clientele for the new contract period. The reason for this modification is, due to the reduction in van service ridership, MTS reasoned that it potentially could be more economical for a single vendor to provide service for the entire County.

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## Section 1: The Facts of the Procurement

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Milwaukee County has a management and operations agreement with Milwaukee Transport Services, Inc. (MTS) for operation of the Milwaukee County Transit System (MCTS). MTS is a non-stock, non-profit corporation under Chapter 181 of Wisconsin State Statutes. MTS has provided these services since the Milwaukee and Suburban Transport Corporation was acquired by Milwaukee County in 1975. Under its contract with the County, MTS provides two employees; a Managing Director and a Deputy Director. Total compensation under the contract is limited to the wages and benefits of these two individuals. While MTS serves as the employer for all other management, supervisory and operating personnel of the MCTS, costs for these employees are treated as expenses of the transit system and are paid by Milwaukee County, not MTS.

**Through a management and operations agreement, Milwaukee County delegates responsibility for procurements to MTS.**

Milwaukee County owns the fixed-route bus system rolling stock and equipment, as well as the facilities used to operate MCTS and provides funding for all expenses and liabilities of the system. Provisions in the management and operations agreement require MTS to follow all applicable Federal Transit Authority (FTA) and Milwaukee County procurement procedures. Through the management and operations agreement, Milwaukee County delegates responsibility for procurements to MTS.

### **The MTS Procurement Process**

To comply with those provisions, MTS has developed written procedures that closely mirror the County's Chapter 32 procurement ordinance. Those procedures include a process used in 2012 by MTS to solicit proposals for paratransit van services. The process utilizes the FTA concept of a 'Best Value' procurement that parallels the County's 'Negotiations and Competitive Proposals' process described in s. 32.36 of the County Ordinances. An abridged version of the MTS

procurement procedures is presented here; the full text of the procedures is presented as **Exhibit 2**.

### **MTS Competitive Contract Negotiations Procedures**

**Evaluation & award factors include criterion other than price.**

- **Negotiations are appropriate if:**
  - Adequate specifications are not available.
  - Discussions with proposers are required.
  - Evaluation & award factors include criterion other than price.
  - Other than a firm fixed price contract is to be awarded.
  - The contract may result in revenue being generated for MTS.
- **Request for Proposal (RFP) Process**
  - Independent cost estimate must be obtained and included in the contract file.
  - Issue RFP to all potential sources and advertise at least once at least two weeks before due date.
  - RFP's shall identify all evaluation factors and their relative importance. Numerical weights need not be disclosed.
  - Price shall be included as an evaluation factor.
- **Pre-proposal Conference (Optional)**
  - Held after RFP issued but before proposal submission.
  - Adequate notice of time, place, nature and scope of conference.
  - Provide all prospective proposers identical information.
  - Make complete record of the conference and furnish copy to all prospective proposers.
- **Receipt of Proposals**
  - Proposals shall be marked with the date and time of receipt.
  - Proposals shall be safeguarded from unauthorized disclosure.
- **Late Proposals and Modifications**
  - If late proposals and modifications cannot be considered, promptly notify proposer that it was received late and will not be considered.
  - Late proposals and modifications shall be held unopened until after award.
  - Director of Materials Management shall retain complete and sole discretion to waive the requirements of 1 and 2 if such waiver is deemed in the best interests of the county and is not subject to appeal to the Purchasing Committee.



**After negotiations are concluded each proposer in the competitive range shall be required to submit a revised proposal and/or best and final offer at a uniform cutoff date and time.**

- **Disclosure and Use of Information Before Award**
  - After receipt of proposals none of the information contained in them or concerning the number or identity of proposers shall be made available to the public or county government.
  - During the pre-award or pre-acceptance period, only the Director of Materials Management shall transmit technical or other information and conduct discussions with prospective proposers.
  - Prospective proposers may place restrictions on the disclosure and use of data in proposals.
- **Revised Offers and/or Best and Final Offer**
  - After negotiations are concluded each proposer in the competitive range shall be required to submit a revised proposal and/or best and final offer at a uniform cutoff date and time.
  - Late revised proposals or best and final proposals may be rejected without the right of appeal.
  - The Director of Materials Management may waive this provision if it is deemed to be in the best interests of MTS. Such decision is not subject to appeal.
- **Responsibility**
  - Awards must be made only to responsible contractors
  - Before making awards, Equal Employment Opportunity certification, past and current performance must be reviewed to confirm that contractor qualifies as responsible.
  - For contracts with a value of \$25,000 or greater, the purchasing agent shall review firms and principals on the System for Award Management (SAM). SAM is a database containing the names of all business entities barred from doing business with the Federal government or with Federal funding.
- **Awards**
  - Price is one factor to consider and the award is not required to be made to the lowest responsive, responsible bidder.
  - Awards shall be made to the responsive, responsible firm whose proposal overall is the most advantageous to MTS as determined in the sole opinion of the Director of Materials Management.
  - MTS reserves the right to reject all proposals if the Director of Materials Management determines such rejection to be in the public interest.
- **Protests to Award**
  - All unsuccessful proposers shall be notified by fax machine transmission of the pending contract award.

- Protest to the award must be delivered to the Director of Materials Management within 72 hours after receipt of notice.
- A protest must be in writing and clearly state the reason for it.
- The Director of Materials Management shall review the protest and notify the protestor of a decision by fax machine transmission within five days.
- No contract shall be awarded while a protest is pending.
- A protest that is untimely or fails to clearly state the reason for the protest is invalid.
- The decision of the Director of Materials Management disqualifying the protest for these reasons is final and cannot be appealed.

**Protests from the decisions of the Director of Materials Management shall be made to the Purchasing Appeals Committee within 72 hours.**

**The Chairman of the Purchasing Appeals Committee shall notify all interested persons of the time and place of the hearing.**

- **Appeals to Purchasing Appeals Committee**

- Protests from the decisions of the Director of Materials Management shall be made to the Purchasing Appeals Committee by delivering a written request for appeal hearing both to the Director of Materials Management and the Purchasing Appeals Committee within 72 hours after receipt of the Director of Materials Management decision.
- The request shall state the grounds upon which the protest is based and shall request an appeal hearing.
- No contract shall be awarded until final disposition of the protest.
- The Chairman of the Purchasing Appeals Committee shall notify all interested persons of the time and place of the hearing.
- The Purchasing Appeals Committee shall affirm, reverse or modify the decision of the Director of Materials Management and its decision shall be final.

- **Unsuccessful Proposer Debriefing**

- Unsuccessful proposers, upon written request, shall be debriefed as soon as possible and furnished the basis for the selection decision and contract award.
- Debriefings shall focus on aspects of the unsuccessful proposal that could have been improved and should not make comparisons with the winning proposal.
- Debriefing shall not reveal the relative merits or technical standing of competitors or the evaluation scoring.

### **Sequence of Events During MTS' 2012 Solicitation for Paratransit Services Proposals**

Following is a timeline of events as they unfolded during MTS' 2012 solicitation of proposals for paratransit van services.

## **Timeline of MTS' Process for Soliciting Competitive Proposals for Paratransit Van Services in 2012**

**The Director of Materials Management's anticipated release date for the RFP at this point is middle to late April.**

**May 2 - MTS sends RFP specifications to MCDOT for assignment of a DBE goal and approval of RFP specifications.**

- **January 26, 2012** – MTS staff responds to MTS Managing Director's request for update on planning for bids on paratransit van services.
- **March 15** – MTS staff advises MTS Managing Director that progress continues on development of specification for paratransit contract.
- **March 28** – MTS Managing Director asks staff for summary of key changes in paratransit van services RFP.
- **April (First Week)** – MTS Director of Materials Management expecting specifications for paratransit services from MTS' Director of Paratransit Services. The current contract expires October 31, so the new contract start date is November 1. With this date in mind, the Director of Materials Management's anticipated release date for the RFP at this point is middle to late April. The previous time proposals were solicited for these services, for a contract start date of November 1, 2007, the RFP was issued on April 16.
- **April 25** – Specifications for paratransit services are received by the MTS Materials Manager. The Materials Manager makes minor edits and adds 'boilerplate' contents to complete the RFP.
- **April 30** – Email correspondence string indicates the Community Business Development Partners (CBDP) Office has not received information it deems necessary to properly establish sound Disadvantaged Business Enterprise (DBE) goals on a number of pending RFPs from MTS. The email strings indicate there was no direct contact between staff at MTS and CBDP. Rather, the email string began with a CBDP staff analyst going through the CBDP Director, to the MCDOT Director of Operations, and conveyed to the MTS Director of Materials Management and the MTS Director of Administration.
- **May 2** – Despite the above email string, with no further exchange of information, MTS sends RFP specifications to MCDOT for assignment of a DBE goal and approval of RFP specifications. MCDOT, which reports to the County Executive, is contractually required to complete its review for input within five business days (by May 9, 2012), including assignment of a DBE goal by the Office of

Community Business Development Partners (CBDP). The CBDP Office reports to the Chairwoman of the County Board of Supervisors.

**May 22 - Director of CBDP copies MTS Managing Director on an email to MCDOT Director of Operations asking for information needed to set a DBE goals on pending RFPs.**

- **May 3** – The MCDOT Director of Operations requests and receives from MTS Director of Materials the DBE goal contained in the current paratransit van service contracts (7%). The MCDOT Director of Operations sends the RFP specifications and the current contractual DBE goal information to the CBDP Office and requests the establishment of a DBE goal for inclusion in the RFP.
- **May 21** – MCDOT Director of Operations sends an email to the CBDP Office asking about the status of the DBE goal for the paratransit van services RFP.
- **May 21** – MTS Director of Administration sends email to MCDOT Director of Operations with information for the CBDP Office regarding three pending DBE goal requests, including the paratransit van service request. The MTS Director of Administration notes that the CBDP Office had requested that MTS complete forms for each request regarding either a construction or professional service contract award for use in establishing the goals, but notes that MTS will follow its normal procurement process, clarifying that these are not, for example, construction projects under Milwaukee County ordinances.
- **May 22** (12:52 p.m.) – Director of CBDP copies MTS Managing Director on an email to MCDOT Director of Operations asking for information needed to set a DBE goal on pending RFPs.
- **May 22** (8:42 p.m.) – MTS Director asks MTS procurement and operations staff for status report. MTS Managing Director informs staff to do whatever is needed to get CBDP Office what it needs.
- **May 23** – MCDOT Director of Operations forwards the May 21 email he received from the MTS Director of Administration to the CBDP Office, expressing hope that the information would help move forward the development of the requested DBE goals.
- **May 24** – MTS Director of Administration sends email to MCDOT Director of Operations correcting an error its May 21 email documentation regarding its recommended paratransit van service DBE goal. This email is forwarded by the MCDOT Director of Operations to the CBDP Office.

**May 31 - MTS receives DBE goal from MCDOT.**

**June 5- MTS releases RFP for competitive proposals with a due date for proposals of July 20, 2012.**

**MCDOT sends letter requesting guidance to FTA Regional Counsel.**

- **May 31** – MTS staff advises MTS Managing Director that, per MCDOT, CBDP Office expected to release RFPs and DBE goals today.
- **May 31** – MTS receives DBE goal from MCDOT.
- **June 5** – MTS releases RFP for competitive proposals with a due date for proposals of July 20, 2012. By contrast, in 2007 the RFP was issued on April 16, with proposals due on June 1, 2007 for a November 1 contract start date.
- **June 25** – A scheduled pre-proposal conference is held. Questions from attendees are entertained. MTS procurement procedures require that a written Question & Answer summary be prepared and distributed to all prospective offerers.
- **July 10** – The written Q & A summary is distributed by MTS to all prospective offerers. Based on comments at the pre-proposal conference, van service ridership estimates contained in the RFP are revised downward by 11.5% for the first year and by 18.3% for years two and three of the contract.
- **July 20** – MTS receives four proposals.
- **July 20** – MTS Director of Materials Management performs a responsiveness review of proposals for mandatory items and determines that First Transit and another proposer submitted deficient proposals involving certifications of compliance with the Buy America Act (Buy America), an FTA requirement.
- **July 27** – MTS informs MCDOT of the deficient proposals and recommends resubmission of proposals; MCDOT concurs. A decision is made that written FTA guidance is needed on whether MTS can award contract based on revised proposals (updated Buy America certificates).
- **July 30** – MCDOT sends letter requesting guidance to FTA Regional Counsel as attachment to email and requesting that FTA follow up with MTS Director of Materials Management. The letter requests a response at counsel's earliest convenience but emphasizes that a contract must be awarded by the end of August.
- **August 1-3** – Presentations and discussions with the proposers (originally scheduled for last two weeks in

July). All proposers were permitted to submit revised proposals, due on August 8.

- **August 6** – FTA Office of Program Management & Oversight, emails several questions to MTS Director of Materials Management and he follows up that same day.
- **August 16** – Evaluation Committee completes technical scoring.
- **August 21** – Evaluation Committee is provided the price offer in each proposal.
- **August 29** – Evaluation Committee determines that First Transit's offer is the best value.
- **August 29** – MTS Director of Materials Management emails FTA and request update on request for guidance; FTA indicates matter under review and no additional information is needed.
- **August 31** – expected date of notice of intent to award contract – postponed pending guidance from FTA on Buy America certifications.
- **September 5** – MTS Managing Director asks MCDOT about status of FTA guidance; MCDOT says it will address the issue with the FTA during its on-site Triennial Audit visit (September 10-12).
- **September 11** – MCDOT Director of Operations speaks with FTA on status of guidance – guidance is written, but is being circulated within FTA for review.
- **September 10-12** – FTA at MTS for Triennial Review; FTA advises on the last day of the visit that guidance letter is being circulated at Region V for review.
- **September 19** – MTS offers to extend the incumbent contracts two months, until January 1, 2013, to ensure uninterrupted service in light of the procurement delays.
- **September 20** – Transit Express responds to the offer of extension but neither accepts nor rejects the offer.
- **September 20** – MTS Managing Director contacts MCDOT on delay in Buy America determination; gets

**August 29 - MTS  
Director of Materials  
Management emails  
FTA and request  
update on request  
for guidance.**

**September 19 - MTS  
offers to extend the  
incumbent contracts  
two months, until  
January 1, 2013, to  
ensure uninterrupted  
service in light of the  
procurement delays.**

**September 20 - FTA letter received.**

authorization to call FTA directly; talks with Region V Regional Counsel, on urgency of paratransit contract award situation. Counsel advises that so long as resubmission is extended to all proposers, revised certification can be accepted. MTS Managing Director directs MTS Director of Materials Management to immediately issue letter of intent to award. FTA letter received later that same day.

**September 25 - Transit Express files a timely protest.**

- **September 20** – First Transit indicates to MTS Director of Materials Management that it is willing to extend service within its service area under current contract terms for two months if, needed.
- **September 20** – Notice of intent to award the contract to First Transit was issued.
- **September 25** – Transit Express files a timely protest.
- **September 26** – Pursuant to the RFP, the MTS Director of Materials Management reviews and denies Transit Express' protest.
- **September 28** – MTS Managing Director makes request to Transit Express for 2-month extension to allow protest process to be completed.
  - This is a critical time period. Without short-term extensions, vendors may need at least 30 days start-up time to service the entire area; bidders not obligated to hold their bid price or offer after award date. Paratransit RFP no longer awardable for November 1 start date.

**October 2- Transit Express refuses to consider request for 2-month extension without pre-conditions.**

- **October 2** – Transit Express refuses to consider request for 2-month extension without pre-conditions; Transit Express files appeal of MTS denial of protest; Appeals Hearing is scheduled for October 9.
- **October 3–10** – Advocates for persons with disabilities contact MTS with concerns regarding the intended contract award and single service provider for the County; request opportunity to speak at the Appeals Hearing.
- **October 3** – MTS Deputy Director emails MCDOT Director a summary of the award process.
- **October 3** - MTS (via legal counsel) offered to extend the Transit Express contract for two months.

**October 5- MTS offers to extend the Transit Express contract for six months at 2012 proposal price.**

**October 5 - Appeals Hearing is rescheduled to October 19 due to concerns expressed by advocates for persons with disabilities and Appeals Committee scheduling issues.**

**October 5- MTS Managing Director advises County Board and County Executive on status of paratransit services contract.**

- **October 4** - Transit Express rejects 2-month extension.
- **October 4** - MTS offers to extend Transit Express contract for two to four months, depending on negotiation of terms
- **October 4** - Transit Express rejects MTS's offer for two to four month extension and counters with an offer of three year extensions for both Transit Express and First Transit.
- **October 5** – First Transit comments on Transit Express protest and appeal.
- **October 5** – Per FTA rule, MCDOT advises FTA Region V, of Transit Express appeal.
- **October 5** – MTS offers to extend the Transit Express contract for six months at 2012 proposal price.
- **October 5** (11:35 a.m.) – Transit Express rejects six-month extension—"a six month or even one year extension does not justify the capital investments Transit Express would need to make in order to continue to provide the quality services it has been providing for years." They seek a three year extension.
- **October 5** – MTS, by its counsel, offers First Transit a six-month extension of the current contract, but extended to the entire service area, while retaining the same level of service to customers. First Transit, by its counsel, expresses concern about capital investment costs. Both sides agree to speak again on Tuesday, October 9, giving First Transit time to confer.
- **October 5** – Appeals Hearing is rescheduled to October 19 due to concerns expressed by advocates for persons with disabilities and Appeals Committee scheduling issues.
- **October 5** – MTS Managing Director advises County Board and County Executive on status of paratransit services contract—that Transit Express price protection (offer) was \$7.5 million higher than First Transit, and given that appeal process is underway, MTS is actively working towards extensions of the



existing contracts or a contract extension with First Transit for the entire service area.

**October 9 – MTS offers First Transit a nine-month extension of the current contract, but extended to the entire service area, at the current base rate.**

- **October 9 (2:45 p.m.)** – Conference call with First Transit and MCDOT, followed up with email of First Transit offer—First Transit offers a seven-year contract (a two-year extension with a full, renegotiated five-year contract to follow; lowered productivity requirements from 1.95 rides per hour to 1.85; MCTS to purchase vehicles acquired during extension; a stop/loss price protection on fuel provision. The five year contract rate: Year 1 – bid year 3 rate; Year 2 – 2.8%; Year 3 – 2.8%; Year 4 – CPI; and Year 5 – CPI.
- **October 9 (4:48 p.m.)** – MTS offers First Transit a nine-month extension of the current contract, but extended to the entire service area, at the current base rate. No liquidated damages from November 1, 2012 to December 31, 2012. Productivity at 1.85 during the nine-month extension. 60 day notice of extension termination.
- **October 10 (11:14 a.m.)** – First Transit counters with a one-year extension, servicing the entire service area, at a price 20-25% higher than First Transit's RFP proposal. Five year contract: Year 1 – bid year 2 rate; Year 2 – bid year 3 rate; Year 3 – 2.8%; Year 4 – CPI; and Year 5 – CPI.
  - The length of the extension reduces the length of the RFP contract, in effect, raising the rate by which First Transit would be paid pursuant to its proposal.
  - Additionally, First Transit required a one-time up-front payment of \$100,000; all liquidated damages to be waived for the first six months of any extension or final contract; productivity to be set at 1.85 during the first six months and renegotiated thereafter; five year final contract but starting at the bid year 2 rate; and stop loss on fuel if the total cost per gallon with all taxes included exceeds \$5.00 in years 4-5.
- **October 10 (12:12 p.m.)** – MTS counters First Transit offer. Proposal #1 – one year extension at current rate, or Proposal #2 – three year extension under terms of current contract.
- **October 10 (4:20 p.m.)** – First Transit counters with one-year extension at current rate; at least six months

**October 10 – MTS Director of Materials Management advises a contract award involving changes in First Transit's proposal offer is not allowed and will not hold up to legal challenge.**

notice of termination of extension before five year prorated contract begins; one time front end payment of \$100,000 for expedited start-up costs.

- **October 10** – MTS Director of Materials Management advises a contract award involving changes in First Transit's proposal offer is not allowed and will not hold up to legal challenge. Process does not permit award of a contract while a protest is pending.
- **October 11** (8:26 a.m.) – MTS offers First Transit a one-year extension for entire service area at current rate; productivity at 1.85; if Purchasing Appeal Committee affirms award, MTS will give six-month notice of termination of extension before commencement of five year contract per proposal terms.
- **October 11** (8:39 a.m.) – MTS sends MCDOT a copy of MTS offer to First Transit.
- **October 11** (9:01 a.m.) – MCDOT Director of Operations sends email to the County Executive's Office advising that MTS is close to a one-year contract extension agreement with First Transit.
- **October 11** (11:47 a.m.) – First Transit emails MTS on language change relative to terms under which extension can be terminated.
- **October 11** (12:20 p.m.) – First Transit counters with the same terms as MTS's offer, but with a CPI adjustment for the one year extension, a price adjustment for the fourth and fifth year of the RFP contract, no productivity rate for the first two months of the extension, and 1.85 for months 2 - 6 of the extension.
- **October 11** (12:50 p.m.) – MTS emails MCDOT – close to agreement with First Transit to operate entire service area. Draft terms included with email.
- **October 11** (1:22 p.m.) – MTS (via legal counsel) sends offer to First Transit for full service area.
- **October 11** (2:54 p.m.) – First Transit seeks CPI adjustment to rates for years 1, 2, and 3 for 5 year contract "to account for inflation due to delay in contract start date."
- **October 11** (4:09 p.m.) – MTS requests meeting with MCDOT for Friday, October 12, to discuss risks of

**October 11 (12:50 p.m.) – MTS emails MCDOT – close to agreement with First Transit to operate entire service area.**

**October 11 (4:09 p.m.) – MTS requests meeting with MCDOT for Friday, October 12.**

one year extension with single provider and three year extensions with both providers—one-year extension with single provider very risky because an appeal is underway; MCTS cannot presume to know the outcome of the appeal; costly legal action highly likely to follow; and MTS must adhere to FTA procurement rules.

- **October 12** (8:30 a.m.) – MTS meets with MCDOT to discuss pros and cons of alternative approaches. According to the MTS Managing Director, he advises that a 3-year extension is risky—potential cost savings may not be realized, but that cannot be determined without going through appeal process, which puts paratransit customers at risk of being without service on November 1 and likely subjects MTS to a lawsuit. He advises one-year extension with First Transit is even riskier—appeal process still in play and must be followed; if appeal is upheld, bigger and costlier legal problem is likely; and federal funding will be put at serious risk. MTS gets go-ahead to work out 3-year extensions to keep paratransit services running.
- **October 12** (1:48 p.m.) – MCDOT Director of Operations emails County Executive's Office indicating that a one-year extension with First Transit could not be worked out and that there would be three-year extension agreements with both First Transit and Transit Express.
- **October 12** (2:41 p.m.) – MTS advises MCDOT that separate agreements on three-year extension have been reached; attorneys to put terms of agreements in writing; sends update communication to County Board and County Executive.
- **October 15** – MTS works on draft agreements – \$150,000 cancellation provision in First Transit agreement applies to termination for convenience.
- **October 16** (2:22 p.m.) – Transit Express seeking to “renegotiate” to remove the termination for convenience provision.
- **October 16** - Transit Express objects to a "termination for convenience" provision in the three-year extension, insisting such a provision is a deal-breaker. MTS proposes termination language in the event that FTA restricts or removes paratransit funding.

**October 12 (2:41 p.m.) – MTS advises MCDOT that separate agreements on three-year extension have been reached.**

**October 16 – Transit Express objects to a “termination for convenience” provision in the three-year extension.**

**October 19 –  
Communication from  
MTS Managing  
Director to Board  
Chairwoman on  
emergency  
extension of  
paratransit  
contracts.**

- **October 16** - First Transit responds to the MTS offer by requiring liquidated damages for cancellation by convenience or for default. MTS responds by limiting liquidated damages to cancellation for convenience.
- **October 16 (5:13 pm)** - Transit Express sends draft agreement with language prohibiting termination for convenience, but verbally agrees to termination in the event of FTA restriction or elimination of funding for paratransit.
- **October 17** – MTS advises MCDOT that attorneys are close to finalizing agreements; Transit Express and First Transit seeking changes in termination of convenience clauses for commitment to three year term as condition of settlement.
- **October 17** – MTS via its legal counsel sends draft to Transit Express with language limiting termination for convenience in the event FTA restricts or eliminates funding for paratransit.
- **October 17** – First Transit, Inc. Emergency Extension Agreement Executed.
- **October 17** – Transit Express Emergency Extension Agreement Executed.
- **October 17** – MTS Managing Director provides an email update on emergency extensions for paratransit service contracts to County Board and County Executive.
- **October 18** – MTS reviews changes to be made to protest process procedure.
- **October 19** – Scheduled date of appeal hearing is cancelled.
- **October 19** – Communication from MTS Managing Director to Board Chairwoman on emergency extension of paratransit contracts.
- **October 24** – MTS sends executed agreements to MCDOT. (See **Exhibit 3** for emergency contract extension agreements.)
- **October 30 (12:36 p.m.)** – MTS Managing Director emails MTS staff—set up schedule for RFP process for paratransit service contract to be completed 2 months before contracts expire.

- **October 30** (1:46 p.m.) – MTS Managing Director emails CBDP Office on expedited goal setting process; CBDP Office advises that client service standards for goal setting changed to three days.
- **October 31** – Original paratransit van service agreements expire.
- **October 31** – MTS processes \$225,000 payment to First Transit for start-up costs incurred per settlement agreement. No supporting documentation of actual start-up costs was requested or received by MTS.
- **November 1** – Emergency Extension Agreements go into effect.

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## Section 2: Financial Implications of Emergency Contracts

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**Calculation of the cost of the contract extensions must rely on estimated paratransit van ridership.**

A calculation of the financial implications of the two 3-year emergency contract extensions for paratransit van services cannot be determined with certitude because the contract costs are estimates based on fixed rates per ride. Therefore, the actual annual cost of each contract is dependent on the number of rides provided. Consequently, calculation of the cost of the contract extensions must rely on estimated paratransit van ridership.

Based on estimated ridership totals used by MTS in evaluating proposals, had the 2012 MTS competitive contract proposal process been completed in a timely manner and the decision of the Evaluation Committee had been upheld upon appeal, MTS would have paid the winning proposer \$31.9 million over the 3-year period November 1, 2012 through October 31, 2015. It should be noted that those ridership figures were downward revisions of the initial MTS estimates contained in the RFP. The ridership estimates were reduced from original estimates by 11.5% in the first year of the contract and by 18.3% for years two and three, after vendors questioned their validity at a pre-proposal conference.

**MTS did not demand supporting documentation to verify the validity of \$225,000 in alleged start-up costs.**

Assuming the same ridership estimates as contained in the RFP specifications, MTS will pay its two existing vendors a total of \$40.3 million. In addition, MTS paid First Transit, the presumptive winning proposer, \$225,000 for costs alleged to have been incurred for beginning preparations to assume the entire service area of Milwaukee County. MTS did not, however, demand supporting documentation to verify the validity of those alleged start-up costs. Therefore, assuming the same ridership figures that MTS used to evaluate proposals, the emergency contract extensions cost an estimated \$8.6 million more than the

presumptive winning proposal. This information is presented in **Table 2.**

<b>Table 2</b> <b>Estimated Cost of Paratransit Van Service</b> <b>Emergency Contract Extensions Using</b> <b>Ridership Estimates Used to Evaluate Proposals</b>			
<u>Est. Ridership</u>		<u>Rate</u>	<u>Total</u>
<b>First Transit</b>			
Year 1	94,872	\$51.72	\$ 4,906,780
Year 2	97,436	\$53.27	\$ 5,190,416
Year 3	99,487	\$54.87	<u>\$ 5,458,852</u>
Sub-Total			\$15,556,048
Payment for Start-Up Costs			<u>\$ 225,000</u>
<b>First Transit Total</b>			<b>\$15,781,048</b>
<b>Transit Express</b>			
Year 1	153,333	\$50.87	\$ 7,800,050
Year 2	156,410	\$52.65	\$ 8,234,987
Year 3	159,538	\$54.49	<u>\$ 8,693,226</u>
<b>Transit Express Total</b>			<b>\$24,728,263</b>
<b>Grand Total</b>			<b>\$40,509,311</b>
<b>Total Cost of Presumptive Winning Proposal</b>			<b>\$31,916,634</b>
<b>Difference (Cost of Emergency Contract Extensions)</b>			<b>\$8,592,677</b>
Source: MTS records.			

However, as previously noted, Transit Plus paratransit van ridership has declined significantly in recent years (see **Background** section of this report). Therefore, MTS has recently projected lower ridership totals for paratransit van service during the next three years. These new estimates, which assume no change in annual ridership during the period, reduces the estimates upon which the 2012 proposals were made by 6.2% for the first year of the contract, by 8.3% in the second year, and by 10.1% for the third year. We reviewed monthly ridership data for 2011, 2012 and the first three months of 2013

and believe MTS' revised projections are reasonable and based on actual ridership patterns.

Using the revised ridership figures, the estimated cost of the emergency contract extensions is reduced from \$8.6 million to \$7.9 million dollars. This information is presented in **Table 3**.

<b>Table 3</b> <b>Estimated Cost of Paratransit Van Service</b> <b>Emergency Contract Extensions Using</b> <b>Updated Ridership Estimates</b>			
	<u>Est. Ridership</u>	<u>Rate</u>	<u>Total</u>
<b>First Transit</b>			
Year 1	90,154	\$51.72	\$ 4,662,765
Year 2	90,154	\$53.27	\$ 4,802,504
Year 3	90,154	\$54.87	<u>\$ 4,946,750</u>
Sub-Total			\$14,412,019
Payment for Start-Up Costs			<u>\$ 225,000</u>
<b>First Transit Total</b>			<b>\$14,637,019</b>
<b>Transit Express</b>			
Year 1	142,714	\$50.87	\$ 7,259,861
Year 2	142,714	\$52.65	\$ 7,513,892
Year 3	142,714	\$54.49	<u>\$ 7,776,486</u>
<b>Transit Express Total</b>			<b>\$22,550,239</b>
<b>Grand Total</b>			<b>\$37,187,258</b>
<b>Total Cost of Presumptive Winning Proposal*</b>			<b>\$29,283,151</b>
<b>Difference (Cost of Emergency Contract Extensions)</b>			<b>\$7,904,134</b>
<b>* Adjusted for revised ridership estimates.</b>			
Source: MTS records.			

**We estimate the cost of the two 3-year emergency contract extensions for paratransit van services cost between \$7.9 million and \$8.6 million, depending on actual ridership during the contract period.**

Therefore, had there been no delays in the procurement process and any appeals were denied, we estimate the cost of the two 3-year emergency contract extensions for paratransit van services cost between \$7.9 million and \$8.6 million, depending on actual ridership during the contract period. Given recent trends, it is more likely that the figure will be closer to the lower value of the range than the higher. However, it should be noted that at the time the decision was made to execute the emergency contract



extensions, the best information available indicated there would be a resulting cost of \$8.6 million.

One further note regarding the calculation of the cost of the emergency contract extensions. The presumptive winning proposal was made on the basis of one provider serving the entire County, while the emergency contract extensions were executed with two providers, each serving separate sections covering roughly half of the County.

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## Section 3: Key Factors Leading to Emergency Contract Extensions

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### **Five key factors contributed to MTS management abandoning its competitive proposal process for paratransit van service in 2012.**

Five key factors contributed to MTS management abandoning its competitive proposal process for paratransit van service in 2012 and instead negotiating emergency contract extensions with its existing vendors. While none of the five factors, in isolation, would have triggered that outcome, their cumulative effect resulted in MTS management concluding that the contract extensions were its only option to avoid interruption in critical services to a dependent clientele.

Based on our review of documents and interviews with individuals involved in the sequence of events highlighted in **Section 1** of this report, the five key factors resulting in the emergency contract extensions were:

- An initial delay of 23 days in the development of specifications by MTS' Transit Plus staff for inclusion in the RFP solicitation.
- A subsequent delay of 22 days to determine a Disadvantaged Business Enterprise (DBE) goal for the eventual contract award, to be included in the RFP solicitation. Milwaukee County's Office of Community Business Development Partners (CBDP) is responsible for the establishment of contract goals for all County contracts, including those awarded by MTS.
- An additional delay of 22 days while MTS awaited written guidance from the Federal Transit Authority (FTA) regarding a procedural matter. The actual time elapsed from the request for guidance until the written response arrived was 52 days.
- A 10-day delay from the initial date scheduled for the Appeals Committee hearing on Transit Express' appeal of the intended contract award. The delay was to accommodate advocates for persons with disabilities' desire to attend and have input at the hearing.
- Lack of a continuation clause in the existing paratransit van service contracts and an unwillingness on the part of both existing vendors at different points in the process to accommodate MTS requests for short term contract extensions at reasonable terms.

**The MTS Director of Materials Management was expecting to have the specifications for the 2012 van services RFP prepared by the beginning of April.**

**The earliest date MTS could have assumed clearance for issuance of the RFP was a full 23 calendar days past the issuance date for the previous Transit Plus van service RFP solicitation in 2007.**

### **Proposal Criteria Delay**

According to the MTS Director of Materials Management, he was expecting the MTS Transit Plus Director to have the specifications for the 2012 van services RFP prepared by the beginning of April. The Director of Materials Management received the specifications on April 25. The Director of Materials Management attributed the delay to general workload issues and the fact that a specifications writer position was eliminated from MTS years ago, leaving operations staff the responsibility to develop the specifications. After minor edits and the addition of boilerplate language required for all MTS contract awards, on May 2, he forwarded the specifications to MCDOT with a request for approval and establishment of a DBE goal.

According to the MTS management and operations contract, the MCDOT Contract Administrator (Director of Operations) is contractually obligated to review RFPs in excess of \$50,000 in advance of issuance, and to "...provide input with respect thereto within five (5) business days following its receipt of a complete information package." Therefore, assuming the RFP information package sent to MCDOT by MTS without a DBE goal on May 2, was considered complete, the earliest date MTS could have assumed clearance for issuance of the RFP was May 9. This is a full 23 calendar days past the April 16 issuance date for the previous Transit Plus van service RFP solicitation in 2007.

### **DBE Goal Delay**

The CBDP Office reports directly to the Chairwoman of the Milwaukee County Board of Supervisors, while the Director of MCDOT reports directly to the Milwaukee County Executive. The MCDOT Director delegates the MTS Contract Administrator oversight function to the MCDOT Director of Operations. According to the Director of Operations, he facilitates exchanges between MTS and the CBDP Office on any larger problematic issues, but that there is a direct line of communication between MTS and CBDP staff on a day-to-day basis.

**An April 30 email correspondence string reflects CBDP staff's frustration with an inability to obtain information it deemed necessary to establish DBE goals.**

The MTS Director of Materials Management stated that, prior to 2012, he would deal directly with the former MCDOT Manager of Transportation Planning, who would work directly with CBDP staff and facilitate a quick turnaround in the establishment of DBE goals. After the retirement of that individual in December 2011, however, the position was abolished.

An April 30 email correspondence string (see **Timeline**, page 14) between CBDP staff and management, the MCDOT Director of Operations and MTS management reflects CBDP staff's frustration with an inability to obtain information it deemed necessary to establish DBE goals for several MTS projects. According to the MCDOT Director of Operations, this was reflective of FTA guidance that a more rigorous effort should be undertaken in the establishment of DBE goals for federally-funded projects.

In his email transmission to the MTS Director of Materials Management and MTS Director of Administration on April 30, the MCDOT Director of Operations instructs MTS to provide any planning documentation available on the development of RFP specifications and, if none exist, suggests a meeting with CBDP staff may be necessary to explain MTS' process for developing specifications.

Despite this general instruction pertaining to several pending RFP solicitations, there was a 22 day delay between the date MTS forwarded its RFP specifications to the MCDOT Director of Operations, requesting establishment of a DBE goal and approval to proceed, and the date MTS provided the information the CBDP Office deemed necessary to establish a contract goal. According to the CBDP Contract Compliance Manager, who was involved in this project, he had no interaction with MTS staff during this time period. He indicated that the MTS request was "on the desk" of the former CBDP Director beginning on May 2. On May 22, the former CBDP Director emailed the MCDOT

**The MTS Director of Materials Management noted that the information requested by the CBDP Office did not seem relevant to the RFP solicitations for which DBE goals were being requested.**

Director of Operations, copying the MTS Managing Director, reiterating the need for additional information from MTS. That same evening, MTS Managing Director instructed the MTS Director of Materials Management and MTS Director of Administration to provide any information necessary for the establishment of the DBE goal.

The previous day, on May 21, the MTS Director of Administration had already emailed, to the MCDOT Director of Operations, documentation that the CBDP Office had previously requested, but made special note of the fact that the MTS procurement process would be followed. This was an apparent reference to the fact that the CBDP Office was requesting that MTS complete either a professional service or construction contract standard form. In an interview, the MTS Director of Materials Management noted that the information requested by the CBDP Office did not seem relevant to the RFP solicitations for which DBE goals were being requested.

On May 23, the MCDOT Director of Operations forwarded the, information MTS provided to the CBDP Office. The following day, May 24, the MTS Director of Administration sends an email to the MCDOT Director of Operations correcting an error contained in his previous transmission. The MCDOT Director of Operations forwards this corrected information to the CBDP Office and a DBE goal was established seven days after that.

On July 20, the former CBDP Director was suspended for unrelated matters and has subsequently been replaced. We did not attempt to contact the former CBDP Director for additional clarification on the delay. The current CBDP Director has made a verbal commitment to MTS to turnaround requests for establishment of DBE goals within three business days.

**An additional delay of 22 days awaiting FTA written guidance on a procedural matter became critical.**

### **FTA Written Guidance Delay**

With the initial 23-day delay in MTS' development of the RFP specifications and the subsequent delay of 22 days in the establishment of a DBE goal, an additional delay of 22 days awaiting FTA written guidance on a procedural matter became critical. The delay stemmed from separate errors relating to Buy America compliance certifications included as part of the competitive proposals submitted by two vendors.

RFP proposals were due on July 20. Four proposals were received. The RFP required the submission of two separate Buy America certifications; one for rolling stock and one for steel, iron or manufactured products. One of the vendors submitted certifications with signatures attesting to both compliance and non-compliance with both requirements. The other vendor submitted a signed certification attesting to compliance with the rolling stock requirement, but did not include a certification of compliance for the steel, iron or manufactured goods requirement.

In both instances, the errors were discovered by the MTS Director of Materials Management during a review of proposals for responsiveness. In both instances, the vendors were contacted for clarification and in both instances, corrections were made to indicate compliance with both certification requirements.

On July 27, MTS management notified MCDOT of the Buy America errors. The MTS Director of Materials Management reviewed Best Practices guidance on the FTA website and indicated that for contracts awarded on a sealed bid basis, the Buy America errors would disqualify the bids. However, for contracts awarded on a competitive proposal basis, the errors could be corrected in a subsequent revised best and final offer so long as all vendors were provided the same opportunity to submit revised best and final offer proposals. The MTS Director of Materials Management identified a 2003 court case on the

**Interviews yielded conflicting statements regarding upon whose judgment written guidance from the FTA was sought.**

FTA website, Siemens Transportation, affirming that course of action.

Interviews yielded conflicting statements regarding upon whose judgment written guidance from the FTA was sought. According to the MTS Director of Materials Management, the MCDOT Director of Operations and MCDOT Transportation Business Manager insisted on receiving written guidance from the FTA. According to the MCDOT Director of Operations, the MTS Director of Materials Management advised that written guidance from the FTA should be obtained for his comfort level. The MCDOT Director of Operations said he relied on the MTS Director of Materials Management's expertise regarding that issue. He said he requested that the MTS Director of Materials Management draft a letter laying out the Buy America procedural issue and on July 30, the MCDOT Director of Operations sent a letter under MCDOT letterhead to the FTA seeking written guidance. Both parties agreed that there was no concern that a response would significantly delay the process.

The RFP process continued, with presentations and discussions with proposers, originally scheduled for the last two weeks in July, conducted during August 1–3. Final and best offers were required by August 8. On August 6, the FTA Office of Program Management and Oversight emailed several questions to the MTS Director of Materials Management, who responded that same day.

During the period August 16–29, an Evaluation Committee convened to review proposals, assign technical scores, consider price offers and determine a Best Value vendor for contract award. The five-member Evaluation Committee was composed of four representatives from MTS (including three from Transit Plus), and one representative from the Milwaukee County Office for Persons with Disabilities. The Evaluation Committee determined that First Transit's proposal for a single service area

comprising the entire County was the Best Value. According to the MTS Director of Materials Management, the members of the Evaluation Committee had other job duties and at the time, he felt that if a Notice of Intent to Award letter was mailed by the end of August, there would be sufficient time to allow for a protest, appeal, resolution of appeal and contract award, while still providing the winning proposer 30 days preparation for the November 1 contract start date.

**From the July 30 date of the request until the September 20 response, it took the FTA a total of 52 days to confirm the MTS Director of Materials Management's initial conclusion.**

Upon receiving the determination of the Evaluation Committee on August 29, the MTS Director of Materials Management emailed the FTA asking for an update and if any additional information was required for a response to the July 30 letter requesting administrative guidance. The FTA responded that no additional information was necessary and that the matter was still under review. It is from this point on August 29 until the FTA written guidance is provided on September 20 that 22 days are lost to the decision to seek the FTA approval. From the July 30 date of the request until the September 20 response, it took the FTA a total of 52 days to confirm the MTS Director of Materials Management's initial conclusion that the FTA regulations permitted proposers to submit corrected Buy America certifications with their Best and Final offers.

### **Appeals Hearing Delay**

After receiving the Notice of Intent to Award letter announcing MTS' intention to award First Transit a contract for the entire County, Transit Express filed a timely protest received by MTS on September 25. In accordance with MTS procurement procedure, Transit Express filed the five-point protest with the MTS Director of Materials Management. Two of the points were procedural, while three of the points related to alleged misrepresentations on the part of First Transit.

The following day, September 26, the MTS Director of Materials Management reviewed and responded to each protest issue, and



denied the protest in its entirety. On October 2, Transit Express filed a formal appeal of the protest denial. A three-member Appeals Committee was formed by MTS, consisting of two MTS managers and one MCDOT manager. An Appeals Hearing was scheduled for October 9.

**At two points during this process to date, MTS reached out to both vendors requesting two-month extensions of their existing contracts to ensure continuation of service to clients.**

At two points during this process to date, on September 19 (the day before the FTA written guidance letter arrives and, consequently, the day before the Notice of Intent to Award letter is mailed by MTS), and on September 28, MTS reached out to both First Transit and Transit Express requesting that two-month extensions of their existing contracts at their current terms be executed to ensure continuation of service to clients.

In the first instance, the extensions were requested due to delays in the procurement process attributed by MTS as due to awaiting FTA guidance. In that instance, First Transit agreed to extend service for two months within its service area under existing contract terms, but Transit Express made no such commitment.

In the second instance, the request was made to accommodate resolution of the Transit Express protest and anticipated formal appeal. In that instance, MTS was unsuccessful in getting the cooperation of either vendor to extend service under current terms on a short-term basis.

Based on Transit Express' staunch position that discussion of a contract extension focus on a three-year commitment, MTS focused its efforts on negotiating some type of 'bridge' agreement for the entire County that would permit full resolution of Transit Express' appeal, and culminate in the awarding of a contract to First Transit under the terms of its competitively bid proposal of August 8. While actual negotiations took place between legal counsel representing MTS and First Transit, respectively, email correspondence between the MTS Managing Director and the MCDOT Director of Operations reflect virtually

**Awarding a new contract to First Transit under terms that were in any way modified from its August 8 proposal would invalidate the procurement process and would not stand up on appeal.**

around-the-clock negotiations during October 9-11. At 12:50 pm on October 11, the MTS Managing Director emails the MCDOT Director of Operations that he is close to an agreement with First Transit on a one-year emergency extension for the entire County with some terms favorable to the vendor to allow for an expedited start-up, but with the ability for MTS to terminate the extension with six months' notice to award a new contract per First Transit's August 8 proposal, assuming resolution of the Transit Express appeal. The MTS Managing Director expressed confidence that a deal would be struck with First Transit later that day. A copy of MTS' proposed offer for the extension was attached to the email.

However, First Transit countered soon after with terms that changed its August 8 proposal, creating additional terms more favorable to First Transit. The MTS Managing Director and MTS Director of Materials Management correctly point out that while temporarily extending more favorable terms to First Transit under a short-term emergency extension would be defensible, awarding a subsequent contract to First Transit under terms that were in any way modified from its August 8 proposal would invalidate the procurement process and would not stand up on appeal.

Given these circumstances, the MTS Managing Director changed his focus and negotiated the two three-year emergency extensions with First Transit and Transit Express, respectively. Tentative terms were reached and on the morning of October 12, MTS management met with MCDOT management and concurrence was reached that terms of the three-year extensions should be finalized and executed. With a series of emails and draft document attachments, MTS management met its contractual obligation to report to the MCDOT Director of Operations within 48 hours "...written detail of the extent of the emergency and why the necessity for the purchase was needed."

**It appears counter-productive for MTS to accommodate requests for a delay in the Appeals Hearing.**

Based on these email exchanges and interviews, it is clear that while MTS management was hopeful as late as October 11 that some type of agreement could be reached with First Transit to continue service to the entire County beginning November 1, time was of the essence and each passing day reduced the chance of guaranteeing uninterrupted service. Given that reality, it appears counter-productive for MTS to accommodate the wishes of advocates for persons with disabilities for a delay in the Appeals Hearing, initially scheduled for October 9, so that they could have adequate notice to provide input at the hearing. MTS management noted that a large number of calls were received from multiple individuals wishing to express their concerns and requesting a delay. MTS management also noted it is uncertain as to whether or not allowing public input at a contract award appeals hearing is legally required.

While the additional delay of 10 days may not have made a difference in the ultimate outcome, proceeding with the Appeals Hearing as originally scheduled may have brought the Transit Express appeal to a conclusion in time to change the dynamics of the First Transit negotiations.

It should be noted that, had the Appeals Committee upheld the denial of Transit Express' protest, Transit Express may have been able to appeal that decision to the FTA. However, the FTA limits its reviews of local protests to whether or not the local entity has written appeals procedures, and whether those procedures were followed, unless a "federal issue" is involved. According to information provided on an FTA Q&A document posted on its website:

Please note that FTA jurisdiction over bid protests is limited to allegations that the grantee does not have protest procedures, or has not complied with its protest procedures, or has not reviewed the protest when presented an opportunity to do so. In addition FTA will not substitute its judgment for that of the recipient or subrecipient unless the matter is primarily a Federal concern. Examples of "Federal

concerns” include, but are not limited to, situations “where a special Federal interest is declared because of program management concerns, possible mismanagement, impropriety, waste, or fraud.”

To clarify MTS’ legal responsibilities throughout a contract award appeals process, we recommend MCDOT management:

1. *Work with MTS to obtain guidance from the Milwaukee County Corporation Counsel regarding all aspects of its appeals process, including appropriate criteria for allowing public input.*

### **Lack of a Service Continuation Contract Provision and Level of Current Van Service Provider Cooperation**

**Both providers took advantage of an opportunity created by the apparent losing proposer to obtain terms of contracts more favorable than the ones proposed in their April 8 offers.**

Lacking a contract provision requiring that van service providers continue service under existing terms until a subsequent contract is awarded, each day within the delays described in this report pushed MTS closer to a point at which it had little negotiating leverage to counter provider demands. Bluntly said, both providers took advantage of an opportunity created by the apparent losing proposer to obtain terms of contracts more favorable than the ones proposed in their August 8 offers. In their respective three-year emergency extensions:

### **Transit Express**

- Locks in the rates submitted in its losing proposal for the northern section of Milwaukee County.
- Includes a 3.5% annual increase in rates each year of the contract extension, which was also consistent with Transit Express’ losing proposal.
- MCTS’s ability to terminate the contract extension is limited to any event by which the FTA restricts or eliminates funding to MCTS for the paratransit services included within the emergency agreement.

### **First Transit**

- Locks in rates 10.5%, 11.5% and 12.2% higher than its August 8 proposal for the southern section of Milwaukee County for years one, two and three of the contract extension, respectively.

- Received a liquidated damages clause of \$150,000 for termination for any reason other than default.
- Received payment of \$225,000 from MTS for “start-up bid and protest costs” incurred. No supporting documentation was required or requested for this payment.

To help ensure continuation of service in the event of delays in future contract awards, we recommend MCDOT management:

2. *Work with MTS to include continuation of service provisions in paratransit service contracts that ensure no interruption in service before subsequent contracts are awarded.*

### **Technical Scoring Issue**

During our review of the Evaluation Committee’s technical scoring, and during an interview with the MTS Director of Materials Management, it was brought to our attention that the highest and lowest scores assigned within each set of criteria by the five Evaluation Committee members was discarded in the calculation of total technical scores. The remaining three scores were averaged for each category and summed for a total technical score for each proposal. Without commenting on the wisdom of this protocol, we noted that it is not prescribed in MTS’ procurement procedures. According to the MTS Director of Materials Management, the practice dates back to at least 2003 and was upheld as proper under a legal challenge at that time.

We recalculated the technical scores averaging all the scores of all five members, including the high and low scores in each category. Our recalculation resulted in no changes in the ranking of the proposals.

To prevent future potential challenges for failure to follow written procedures regarding the calculation of technical scores, we recommend that MCDOT management:

3. *Work with MTS management to codify its scoring protocol in its procurement procedures.*

## Conclusions and Recommendations

Our review of the events leading to the issuance of the two three-year emergency contracts for paratransit van services and discussions with principal players suggests the need for improved clarity in the lines of accountability for management of the Milwaukee County Transit System. Specific accountabilities, lines of authority should be clearly delineated between the Milwaukee County Department of Transportation and Milwaukee Transport Services, Inc. regarding working relationships with the Federal Transit Administration and internal County departments such as the Office of Community Business Development Partners.

Specifically, MCDOT management should ensure that MTS management:

4. *Establish a suitable timeframe for procurements that include hard internal deadlines, formal agreements for turnaround times on inter-agency interactions, and ample cushion for unforeseen delays.*
5. *Establish formal protocols for notification of the MCDOT Contract Administrator when above deadlines are missed.*
6. *Limit emergency contracts/extensions to one year.*
7. *Require formal written notification of the County Executive and County Board Chair within 48 hours of any emergency contract/extensions with a detailed explanation of the nature and extent of the emergency, as well as the fiscal impact of the action taken.*

## Additional Considerations

Questions have been raised regarding the ability of MTS to terminate the emergency contract provisions and re-bid the paratransit van service contract. Our reading of the contract language is that there are limited options for terminating the emergency contract extensions. MTS' ability to terminate the Transit Express contract is restricted to a limitation or elimination of Federal funding. The contract language for First Transit provides for termination, but includes a liquidated damages

**There are limited options for terminating the emergency contract extensions.**

provision of \$150,000 if the termination is for any reason other than default. This amount is in addition to unspecified "...contract close-out costs, and profit on work performed up to the time of termination." That language in the 2007 contract applies specifically to termination for convenience.

Therefore, MCDOT could attempt to persuade the FTA to limit or eliminate Federal funding for the Transit Express contract. Toward the end of our review we became aware of monitoring efforts by the CBDP Office that suggests both Transit Express and First Transit are under-achieving their contractual DBE goals (see **Exhibit 4**), which could potentially result in the termination of their respective agreements.

Further, MTS could pay the liquidated damages of \$150,000 plus the unspecified 2007 close-out costs and terminate the First Transit contract.

Finally, the contracts in question are between MTS and the van service providers. If MTS were to be replaced with another contractor, it is a legal question as to whether or not the contracts are assignable to the new contractor.

**Pursuing any termination options begs the question: How could a continuation of paratransit van service to Milwaukee County's persons with disabilities be guaranteed?**

However, since the emergency contract extensions do not include a continuation of services clause, pursuing any of the above options begs the question: How could a continuation of paratransit van service to Milwaukee County's persons with disabilities be guaranteed?

To exhaust all possibilities for recovering some of the negative fiscal implications of the emergency contract extensions without disrupting paratransit van services, we recommend MCDOT management:

8. *Work with Corporation Counsel and representatives of the Federal Transit Administration to review all options for terminating the emergency contract extensions for*

*paratransit van service without disrupting the service for Milwaukee County's Transit Plus clients.*



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## Audit Scope

The objectives of this audit was/were to provide a detailed analysis of the following:

- the Request for Proposal (RFP) process;
- the responses to the RFP from vendors;
- the awarding of the emergency contracts;
- the review panel;
- the inquiry to the Federal Transit Administration;
- a calculation of the estimated fiscal impact to Milwaukee County over the duration of the emergency contracts.

Additional objectives included identifying and providing policy makers a better understanding of the facts of the procurement, including the related financial implications, and any recommendations to improve the current process.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

We limited our review to the areas specified in this Scope Section. During the course of the audit, we:

- Reviewed Transit Plus program operating budget information from 2010—2012.
- Interviewed management from MTS, MCDOT, CBDP, and members of the RFP Evaluation Committee.
- Obtained and reviewed documents including email correspondence relevant to this audit scope.
- Obtained and reviewed Transit Plus ridership, client, and cost data.
- Obtained the total annual payments made to current paratransit van service providers covering 2010–2012 from MTS.
- Reviewed MTS policy and procedures and Milwaukee County ordinances related to procurements.
- Reviewed the 2007 and the 2012 RFPs for paratransit van service and the subsequent proposals, protest and appeal, and the current three-year emergency contracts.
- Reviewed the contracts both for the 2007 RFP and the three-year emergency contract extensions.

- Reviewed the MTS Management Operations Agreement between MTS, Inc. and Milwaukee County.
- Reviewed FTA guidelines related to paratransit services.
- Conducted internet research related to Paratransit operations and MTS providers.
- Determined the fiscal impact of the three-year emergency contract extension agreements compared to bidders' proposals.
- Addressed questions regarding the ability of MTS to terminate the emergency contract extensions and re-bid the paratransit van service contract.

# Competitive Contract Negotiations

PP-070

Date Issued: 02/10/2012

Date Revised: 06/07/2012

## I. PURPOSE

To provide guidelines to be used in all contract negotiations.

## II. SCOPE

These procedures applies to all employees.

## III. GENERAL

Negotiation is a procedure that includes the receipt of proposals from offerors, permits bargaining, and usually affords an opportunity to revise their offers before award of a contract. Bargaining, in the sense of discussion, persuasion, alteration of initial assumptions and positions, and give-and-take, may apply to price, schedule, technical requirements, type of contract, or other terms of a proposed contract. Negotiations are appropriate if one (1) or all of the following conditions exist:

1. Adequate specifications are not available or would be too expensive to develop.
2. Discussions with the offerors are required.
3. Evaluation and award factors include criterion other than price or price related factors.
4. Other than a firm fixed price contract is to be awarded.
5. The contract is one which may result in revenue being generated for Milwaukee Transport Services, Inc., or one in which Milwaukee Transport is granting a right or privilege to a vendor which may generate revenue for said vendor or for Milwaukee Transport, or both.

### Independent Cost Estimate (ICE)

Before receiving proposals an Independent Cost Estimate must be obtained and included in the contract file.

### A. **Converting from Sealed Bidding to Negotiation Procedures**

When the Director of Materials Management has determined that a sealed bid is to be canceled and that use of negotiations is appropriate to complete the acquisition, the purchasing administrator may negotiate and make award without issuing a new solicitation subject to the following conditions:

1. Prior notice of intention to negotiate and a reasonable opportunity to negotiate have been given by the purchasing administrator to each responsive,

- responsible bidder that submitted a bid in response to the invitation for bids;
2. The negotiated price is the lowest negotiated price offered by any responsible bidder; and
  3. The negotiated price is lower than the lowest rejected bid price of a responsive, responsible bidder that submitted a bid. However, this paragraph (3) does not apply if the invitation was canceled and all bids were rejected.

**B. Solicitation and Receipt of Proposals**

This section prescribes policies and procedures for preparing and issuing requests for proposals (RFPs) and for receiving proposals.

1. Requests for proposals (RFPs) are used in negotiated acquisitions to communicate county requirements to prospective vendors and to solicit proposals from them. Solicitations shall contain the information necessary to enable prospective vendors to prepare proposals properly. Solicitation provisions and contract clauses may be incorporated into the solicitations and contracts by reference.
2. The purchasing administrator shall furnish identical information concerning a proposed acquisition to all prospective vendors.
3. The purchasing administrator shall solicit proposals only when there is a definite intention to award a contract.
4. A proposal received in response to an RFP is an offer that can be accepted by the county to create a binding contract.
5. Letter RFPs should be as clear and concise as possible, exclude any unnecessary verbiage or notices; and, as a minimum, contain the following:
  - a. RFP number and date.
  - b. Name and address of contracting office.
  - c. Type of contract contemplated.
  - d. Quantity, description, and required delivery for the item.
  - e. Applicable certifications and representations.
  - f. Contract terms and conditions.
  - g. Offer due date.
  - h. Other relevant information; e.g., incentives, variations in delivery schedule, any peculiar or different requirements, cost proposal support and different data requirements.



**C. Solicitation Mailing List and Advertising**

The Materials Management Department shall establish, maintain, and use lists of potential sources. RFPs shall be solicited from all potential sources. RFPs with an estimated aggregate value in excess of fifty thousand dollars (\$50,000.00) shall be advertised at least once in the officially designated newspaper for procurement notices as least two (2) weeks before the proposal due date, by posting official notice on the Materials Management bid/proposal board for the same period, posting official notice on the Doing Business With Milwaukee County Portal, and submitted to Demandstar for broadcast for the same period. Any response to publicized RFPs shall be honored to the maximum extent practical.

**D. Evaluation Factors**

RFPs shall identify all evaluation factors and their relative importance. Numerical weights, which may be employed in the evaluation of proposals, need not be disclosed in solicitation. Proposals shall be evaluated solely on the factors specified in the solicitation. The factors that will be considered in evaluating proposals shall be tailored to each procurement and include only those factors that will have an impact on the source selection decision. The evaluation factors that apply to an acquisition and the relative importance of those factors are within the broad discretion of the purchasing administrator. However, price or cost to the county shall be included as an evaluation factor in every source selection. Quality also shall be addressed in every source selection. In evaluation factors, quality may be expressed in terms of technical excellence, management capability, personnel qualifications, prior experience, past performance and schedule compliance. Other relevant factors may also be included.

**E. Right to Award Without Negotiations**

If so stated in the RFP, the purchasing administrator may make an award on the basis of the original proposals, without negotiation with any offeror. If the purchasing administrator conducts negotiations at all, however, then negotiations must be conducted with all offerors in the competitive range.

**F. Pre-proposal Conference**

1. A pre-proposal conference may be held to brief prospective offerors after a solicitation has been issued but before offers are submitted. Generally these conferences should be used in complex negotiated procurements to explain or clarify complicated specifications and requirements.
2. The purchasing administrator shall decide if a pre-proposal conference is required and make the necessary arrangements, including the following:
  - a. If notice was not in the solicitation, give all prospective offerors who received the solicitation adequate notice of the time, place, nature, and scope of the conference.

- b. If time allows, request prospective offerors to submit written questions in advance. Prepared answers can then be delivered during the conference.
  - c. Arrange for technical and legal personnel to attend the conference, if appropriate.
- 3. The Director of Materials Management or a designated representative shall conduct the pre-proposal conference, furnish all prospective offerors identical information concerning the proposed acquisition, make a complete record of the conference, and promptly furnish a copy of that record to all prospective offerors. Conferees shall be advised that:
  - a. Remarks and explanations at the conference shall not qualify the terms of the solicitation; and
  - b. Terms of the solicitation and specifications remain unchanged unless the solicitation is amended in writing.

**G. Receipt of Proposals**

The procedures for receipt and handling of proposals in negotiated procurements shall be the same as the receipt and safeguarding of sealed bids. Proposals shall be marked with the date and time of receipt. After receipt, proposals in negotiated procurements shall be safeguarded from unauthorized disclosure.

**H. Late Proposals and Modifications**

- 1. When a proposal or modification is received and it is clear from available information that it cannot be considered for award, the purchasing administrator shall promptly notify the offeror that it was received late and will not be considered.
- 2. Late proposals and modifications that are not considered shall be held unopened, unless opened for identification, until after award and then retained with other unsuccessful proposals.
- 3. The Director of Materials Management shall retain complete and sole discretion to waive the requirements of subparagraphs 1 and 2, above, if such waiver is deemed to be in the best interests of the county. Such decision of the Director of Materials Management is not subject to appeal to the Purchasing Appeals Committee..

**I. Disclosure and Use of Information Before Award**

- 1. After receipt of proposals, none of the information contained in them or concerning the number or identity of offerors shall be made available to the public or to anyone in county government.



2. During the pre-award or pre-acceptance period of a negotiated procurement, only the Director of Materials Management or designee, and other specifically authorized shall transmit technical or other information and conduct discussions with prospective vendors. Information shall not be furnished to a prospective vendor if, alone or together with other information, it may afford the prospective vendor an advantage over others. However, general information that is not prejudicial to others may be furnished upon request.
3. Prospective vendors may place restrictions on the disclosure and use of data in proposals. The Director of Materials Management shall not exclude proposals from consideration merely because they restrict disclosure and use of data, nor shall they be prejudiced by that restriction. The portions of the proposal that are so restricted (except for information that is also obtained from another source without restriction, or information required to be disclosed to county auditors) shall be used only for evaluation and shall not be disclosed outside Milwaukee Transport Services, Inc., the permission of the prospective vendor.

**J. Revised Offers and/or Best and Final Offer**

After negotiations are concluded each offeror in the competitive range shall be required to submit a revised offer and/or best and final offer at a uniform cutoff date and time. Revised offers or best and final offers received after the uniform cutoff date and time may be rejected without right of appeal. The Director of Materials Management may, in his or her sole discretion, waive this provision if waiver is deemed to be in the best interests of Milwaukee Transport Services Inc., and such decision is not subject to appeal to the Purchasing Appeals Committee.

**K. Responsibility**

After receiving proposals, awards must be made only to responsible contractors. Before making awards, EEO certification, past and current performance must be reviewed to confirm the contractor qualifies as responsible. For contracts with a value of \$25,000 or greater, the purchasing agent shall review principals on the Excluded Parties Listing System (EPLS). A screen print of the search results shall be included in the RFP file as noted on the Check List.

The EPLS website is [www.epls.gov/eplsearch.do?multiName=true](http://www.epls.gov/eplsearch.do?multiName=true)

**L. Awards**

In awarding a contract, price is but one (1) factor to be considered, and the award is not required to be made to the lowest responsive, responsible bidder. Awards shall be made to the responsive, responsible firm whose proposal overall is the most advantageous to Milwaukee Transport Services Inc., as determined in the sole opinion of the Director of Materials Management. Milwaukee Transport Services Inc., reserves the right to reject all proposals if the Director of Materials Management, in his or her sole discretion, determines such rejection to be in the public interest. Such rejection is not subject to appeal to the purchasing standardization committee.



**M. Protests to Award**

Calculation of time in days and hours shall exclude Saturdays, Sundays, and Major holidays.

1. All unsuccessful offerors shall be notified by fax machine transmission of the pending contract award. Protest to the award must be delivered to the Director of Materials Management within seventy-two (72) hours after receipt of notice. The Director of Materials Management's copy of the fax transmission cover sheet, or the departments fax log, shall be conclusive proof of the time and date of receipt by the offeror.
2. A protest must be in writing and clearly state the reason for it. The Director of Materials Management shall review the protest and notify the protestor of a decision by fax machine transmission within five (5) days. No contract shall be awarded while a protest is pending. A protest that is untimely or fails to clearly state the reason for the protest is invalid. The purchasing administrator's copy of the fax transmission cover sheet, or the departments fax log, shall be conclusive proof of the time and date of receipt by the offeror.
3. The decision of the Director of Materials Management disqualifying the protest for these reasons is final and cannot be appealed.

**N. Appeals to Purchasing Appeals Committee**

1. Except as provided in sections H(3), K. and L(3), protests from decisions of the Director of Materials Management shall be made to the Purchasing Appeals Committee by delivering a written request for appeal hearing both to the Director of Materials Management and the Purchasing Appeals Committee within seventy-two (72) hours after receipt of the Director of Materials Management's decision.
2. The request shall state the grounds upon which the protest is based and shall request an appeal hearing. No contract shall be awarded until final disposition of the protest.
3. The chairman of the purchasing appeals committee shall notify all interested persons of the time and place of the hearing.
4. The purchasing appeals committee shall affirm, reverse or modify the decision of the Director of Materials Management and its decision shall be final.

**O. Unsuccessful Offeror Debriefing**

Unsuccessful offerors, upon their written request shall be debriefed as soon as possible and furnished the basis for the selection decision and contract award. Debriefings shall focus on aspects of the unsuccessful proposal that could have been

improved and should not make comparisons with the winning proposal. Debriefing shall not reveal the relative merits or technical standing of competitors or the evaluation scoring.

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## PURCHASE ORDER

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REVISED

## FOR PAYMENT

MAIL INVOICES IN DUPLICATE  
TO: ACCOUNTS PAYABLE  
TELEPHONE: 414-343-1707  
FAX: 414-344-4759**MILWAUKEE TRANSPORT SERVICES, INC.**Operator of Milwaukee County Transit System  
1942 NORTH 17TH STREET, MILWAUKEE, WI 53205-1697  
Telephone: 414-937-3243 • Fax: 414-344-7080

## PURCHASE ORDER NUMBER

B 15025-0001-0009

THIS NUMBER MUST APPEAR ON  
ALL INVOICES, PACKAGES AND  
DELIVERY FORMSVENDOR  
NUMBER

10639

(414) 847-2740 Fax: (414) 817-9864

PAGE:

1

VENDOR

FIRSTGROUP AMERICA  
4524 SOUTH 13TH STREET  
MILWAUKEE WI 53221

SHIP TO:

MILW. TRANSPORT SERVICES, INC.  
1525 W. VINE STREET  
MILWAUKEE WI 53205

Please furnish goods and/or services as specified hereon, subject to the conditions of purchase as described on reverse side.

PO. DATE		PAYMENT TERMS		F.O.B.		FREIGHT TERMS		UNIT COST
11/01/2007		NET 30		DESTINATION		DELIVERED PRICING		
LINE NO.	MTS REFER NO.	QUANTITY	UNIT	VENDOR PART NUMBER/DESCRIPTION				DATE REQUIRED
1	508-02-201	1	JOB	DISABLE TRANSPORT				0.00000 10/31/2012
2				<p>PARATRANSIT SERVICES PER RFP #MM-05-07 AND SPECIFICATION TP-01-03 DATED 4/13/2007 FOR A TERM OF 5 YEARS FOR THE PERIOD FROM NOVEMBER 1, 2007 THROUGH OCTOBER 31, 2012. PRICES SHALL BE FIRM FOR 3 YEARS AS OUTLINED BELOW. PRICING FOR YEARS 4 AND 5 SHALL BE DETERMINED WITH THE CONSUMER PRICE INDEX (CPI) AS A CEILING OR CAP TO INSURE PRICE REASONABLENESS. THE CEILING FOR YEAR FOUR (4) WILL BE CALCULATED FOR NOVEMBER OF 2010 BY ADJUSTING THE COST PER HOUR BY AN AMOUNT EQUIVALENT TO THE CHANGE IN THE U.S. DEPARTMENT OF LABOR'S CONSUMER PRICE INDEX (MIDWEST URBAN - ALL ITEMS - 1982-84=100) BETWEEN THE MONTHS OF MARCH 2009 AND MARCH 2010. THE CEILING FOR YEAR FIVE (5) WILL BE CALCULATED FOR NOVEMBER OF 2011 BY ADJUSTING THE COST PER HOUR BY AN AMOUNT EQUIVALENT TO THE CHANGE IN THE U.S. DEPARTMENT OF LABOR'S CONSUMER PRICE INDEX (MIDWEST URBAN - ALL ITEMS - 1982-84=100) BETWEEN THE MONTHS OF MARCH 2010 AND MARCH 2011. MILWAUKEE TRANSPORT SERVICES (MTS) RESERVES THE UNILATERAL RIGHT TO REQUEST NEW PROPOSALS FOR SERVICES AND AWARD NEW CONTRACTS IF A MUTUALLY AGREEABLE REASONABLE PRICE BASED ON THE CPI AS A CEILING OR A CAP IS NOT REACHED BY MAY 1, 2010 FOR YEAR 4 OR MAY 1, 2011 FOR YEAR 5.</p> <p>YEAR 1 - HOURLY RATE FOR NOV. 1, 2007 THRU OCT. 31, 2008 = \$44.31/HOUR</p> <p>YEAR 2 - HOURLY RATE FOR NOV. 1, 2008 THRU OCT. 31, 2009 =</p>				
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SPECIAL  
INSTRUCTION

MTS is an agency of Milwaukee County and is exempt from Wisconsin Sales Tax under Section 77.54 (9a) (b) of the Wisconsin Statutes, and is exempt from Federal Excise Tax, and has been granted Exempt No. 39-73-0429-K. Wisconsin Exempt No. CES0140818.

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AUTHORIZED SIGNATURE

040 12 021 3/10



## PURCHASE ORDER

**MILWAUKEE TRANSPORT SERVICES, INC.**

Operator of Milwaukee County Transit System  
1942 NORTH 17TH STREET, MILWAUKEE, WI 53205-1697  
Telephone: 414-937-3243 Fax: 414-344-7080

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REVISED

**FOR PAYMENT**  
MAIL INVOICES IN DUPLICATE  
TO: ACCOUNTS PAYABLE  
TELEPHONE: 414-343-1707  
FAX: 414-344-4759

## PURCHASE ORDER NUMBER

B 15025-0001-0009

THIS NUMBER MUST APPEAR ON  
ALL INVOICES, PACKAGES AND  
DELIVERY FORMS

PAGE:

2

SHIP TO:

MILW. TRANSPORT SERVICES, INC.  
1525 W. VINE STREET  
MILWAUKEE WI 53205

VENDOR NUMBER 18639 (414) 847-2740 Fax: (414) 817-9864

VENDOR FIRSTGROUP AMERICA  
4524 SOUTH 13TH STREET  
MILWAUKEE WI 53221

Please furnish goods and/or services as specified hereon, subject to the conditions of purchase as described on reverse side.

P.O. DATE		PAYMENT TERMS		F.O.B.		FREIGHT TERMS			
11/01/2007		NET 30		DESTINATION		DELIVERED PRICING		UNIT COST	
LINE NO.	MTS REFER NO.	QUANTITY	UNIT	VENDOR PART NUMBER/DESCRIPTION					DATE REQUIRED
27				\$45.98/HOUR					
28				YEAR 3 - HOURLY RATE FOR NOV. 1, 2009 THRU OCT. 31, 2010 =					
29				\$47.73/HOUR					
30				YEAR 4 - HOURLY RATE FOR NOV. 1, 2010 THRU OCT. 31, 2011 =					
31				\$48.99/HOUR					
32				YEAR 5 - HOURLY RATE FOR NOV. 1, 2011 THRU OCT. 31, 2012 =					
33				\$50.31/HOUR					
34									
35				EMERGENCY EXTENSION PER RFP MM-05-07, SPECIFICATION					
36				TP-01-03 DATED APRIL 13, 2007 AND ATTACHMENT A - EMERGENCY					
37				EXTENSION AGREEMENT FROM NOVEMBER 1, 2012 THRU					
38				OCTOBER 31, 2015.					
39									
40				HOURLY RATES SHALL BE AS FOLLOWS:					
41									
42				FROM NOVEMBER 1, 2012 THRU OCTOBER 31, 2013 = \$51.72/HR.					
43									
44				FROM NOVEMBER 1, 2013 THRU OCTOBER 31, 2014 = \$53.27/HR.					
45									
46				FROM NOVEMBER 1, 2014 THRU OCTOBER 31, 2015 = \$54.87/HR.					

## SPECIAL

INSTRUCTION EMERGENCY EXTENSION ADDED.

0.00

MTS is an agency of Milwaukee County and is exempt from Wisconsin Sales Tax under Section 77.54 (9a) (b) of the Wisconsin Statutes, and is exempt from Federal Excise Tax, and has been granted Exempt No. 39-73-0429-K. Wisconsin Exempt No. CES0140818.

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AUTHORIZED SIGNATURE

040 12 021 3/10

**ATTACHMENT A**

**EMERGENCY EXTENSION AGREEMENT BETWEEN FIRST TRANSIT,  
INC. AND MILWAUKEE TRANSPORT SERVICES, INC.**

THIS EMERGENCY EXTENSION AGREEMENT ("Emergency Agreement") is made and entered into by and between Milwaukee Transport Services Inc. ("MCTS"), on the one side, and First Transit, Inc., a Delaware corporation ("First Transit"), on the other (collectively the "Contracting Parties").

**WHEREAS**, MCTS and First Transit entered into Purchase Order Number 15025 pursuant to RFP MM-05-07 and Specification TP-01-03, Dated 04/13/2007, for paratransit services for Area B from November 1, 2007 to October 31, 2012;

**WHEREAS**, MCTS put out for bid RFP MM-05-12 on or about June 5, 2012;

**WHEREAS**, MCTS received offers from, amongst other entities, Transit Express Services, Inc., and First Transit, Inc.;

**WHEREAS**, on or about September 20, 2012, MCTS issued a letter of intent to award RFP MM-05-12 to First Transit, Inc. for areas A and B ("Letter of Intent");

**WHEREAS**, the Letter of Intent was protested by Transit Express, and, pursuant to the protest appeal procedures of RFP MM-05-12, a hearing was scheduled to be held on October 19, 2012 ("Hearing");

**WHEREAS**, no award from RFP MM-05-12 would be permitted until after the Hearing providing an insufficient amount of time for any vendor to provide paratransit services to MCTS. A vendor would likely require at least a month to be able to provide paratransit services to MCTS pursuant to RFP MM-05-12;

**WHEREAS**, Transit Express and First Transit are the two vendors contractually obligated to provide paratransit services to MCTS only until October 31, 2012;

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**WHEREAS**, because no award could be made pursuant to RFP MM-05-12 until after October 31, 2012, and because the current paratransit providers are contractually obligated to provide paratransit services only until October 31, 2012, MCTS sought emergency extension agreements with the current paratransit providers to ensure safe and reliable paratransit services from November 1, 2012 and on;

**NOW THEREFORE**, in consideration of the terms, provisions, and promises set forth below, the Contracting Parties agree as follows:

1. This is an emergency extension of paratransit services provided pursuant to Purchase Order Number 15025 RFP MM-05-7 and Specification TP-01-03 dated 4/13/2007 (the "2007 Contract"). This Emergency Agreement incorporates all of the terms, rights and obligations of the 2007 Contract as if fully set forth herein. To the extent that any of the terms of this Emergency Agreement conflict with the terms, rights, or obligations of the 2007 Contract, this Emergency Agreement shall control.

2. The term of this Emergency Agreement shall be three (3) years commencing on November 1, 2012 and ending on October 31, 2015.

3. From November 1, 2012, until October 31, 2013, the Cost per Service Hour will be \$51.72 per hour which is last year's rate increased by the change in the U.S. Department of Labor's Consumer Price Index (Midwest urban - All Items - 1982-84=100) between the months of March 2011 and March 2012. First Transit retains all fares in addition to receiving the above noted hourly rate.

4. From November 1, 2013, until October 31, 2014, the Cost per Service Hour will be \$53.27 per hour which is a three percent (3%) increase from the previous year. First Transit retains all fares in addition to receiving the above noted hourly rate.



5. From November 1, 2014, until October 31, 2015, the Cost per Service Hour will be \$54.87 per hour which is a three percent (3%) increase from the previous year. First Transit retains all fares in addition to receiving the above noted hourly rate.

6. If MCTS should cancel this Agreement for any reason other than default of First Transit before October 31, 2015, MCTS will owe liquidated damages to First Transit for early cancellation in the amount of one hundred fifty thousand dollars (\$150,000). This liquidated damages payment is in addition to termination costs including close-out costs and profit payable to First Transit under the 2007 Contract. In the event of default, MCTS will provide notice of default to First Transit and a thirty (30) day period within which to cure the default.

7. The Parties acknowledge that this Emergency Agreement is a joint product and shall not be construed against either party on grounds of drafting.

8. This Emergency Agreement may not be amended except by a written amendment signed by all of the Parties.

9. The validity, performance, and enforcement of this Emergency Agreement shall be governed by the laws of the State of Wisconsin and any suit brought thereon shall be commenced and remain in the circuit court of Milwaukee County Wisconsin.

10. This Emergency Agreement may be executed in counterparts, each of which when so executed shall be an original, but all such counterparts together constitute but one and the same instrument. A signed copy of this Emergency Agreement transmitted by facsimile or electronic means shall be as effective as an original.





# MILWAUKEE TRANSPORT SERVICES, INC.

Operator of Milwaukee County Transit System  
1942 NORTH 17TH STREET, MILWAUKEE, WI 53205-1697  
Telephone: 414-937-3243 • Fax: 414-344-7080

## PURCHASE ORDER

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REVISED

## FOR PAYMENT

MAIL INVOICES IN DUPLICATE  
TO: ACCOUNTS PAYABLE  
TELEPHONE: 414-343-1707  
FAX: 414-344-4759

VENDOR  
NUMBER

20299

(414) 264-7433 Fax: (414) 264-7460

## PURCHASE ORDER NUMBER

B 15026-0001-0008

THIS NUMBER MUST APPEAR ON  
ALL INVOICES, PACKAGES AND  
DELIVERY FORMS

PAGE:

1

VENDOR

TRANSIT EXPRESS SERVICES  
424 WEST CHERRY STREET  
MILWAUKEE WI 53212-3820

SHIP TO:

MILW. TRANSPORT SERVICES, INC.  
1525 W. VINE STREET  
MILWAUKEE WI 53205

Please furnish goods and/or services as specified hereon, subject to the conditions of purchase as described on reverse side.

P.O. DATE		PAYMENT TERMS		FOB.	FREIGHT TERMS	UNIT COST	
11/01/2007		NET 30		DESTINATION	DELIVERED PRICING		
LINE NO.	MTS REFER NO.	QUANTITY	UNIT	VENDOR PART NUMBER/DESCRIPTION		DATE REQUIRE	
1	508-02-201	1	JOB	DISABLE TRANSPORT		0.00000	
2				<p>PARATRANSIT SERVICES PER RFP #MM-05-07 AND SPECIFICATION TP-01-03 DATED 4/13/2007 FOR A TERM OF 5 YEARS FOR THE PERIOD FROM NOVEMBER 1, 2007 THROUGH OCTOBER 31, 2012. PRICES SHALL BE FIRM FOR 3 YEARS AS OUTLINED BELOW. PRICING FOR YEARS 4 AND 5 SHALL BE DETERMINED WITH THE CONSUMER PRICE INDEX (CPI) AS A CEILING OR CAP TO INSURE PRICE REASONABLENESS. THE CEILING FOR YEAR FOUR (4) WILL BE CALCULATED FOR NOVEMBER OF 2010 BY ADJUSTING THE COST PER HOUR BY AN AMOUNT EQUIVALENT TO THE CHANGE IN THE U.S. DEPARTMENT OF LABOR'S CONSUMER PRICE INDEX (MIDWEST URBAN - ALL ITEMS - 1982-84=100) BETWEEN THE MONTHS OF MARCH 2009 AND MARCH 2010. THE CEILING FOR YEAR FIVE (5) WILL BE CALCULATED FOR NOVEMBER OF 2011 BY ADJUSTING THE COST PER HOUR BY AN AMOUNT EQUIVALENT TO THE CHANGE IN THE U.S. DEPARTMENT OF LABOR'S CONSUMER PRICE INDEX (MIDWEST URBAN - ALL ITEMS - 1982-84=100) BETWEEN THE MONTHS OF MARCH 2010 AND MARCH 2011. MILWAUKEE TRANSPORT SERVICES (MTS) RESERVES THE UNILATERAL RIGHT TO REQUEST NEW PROPOSALS FOR SERVICES AND AWARD NEW CONTRACTS IF A MUTUALLY AGREEABLE REASONABLE PRICE BASED ON THE CPI AS A CEILING OR A CAP IS NOT REACH BY MAY 1, 2010 FOR YEAR 4 OR MAY 1, 2011 FOR YEAR 5.</p> <p>YEAR 1 - HOURLY RATE FOR NOV. 1, 2007 THRU OCT. 31, 2008 = \$41.60/HOUR</p> <p>YEAR 2 - HOURLY RATE FOR NOV. 1, 2008 THRU OCT. 31, 2009 =</p>		10/31/2012	
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### SPECIAL INSTRUCTION

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AUTHORIZED SIGNATURE

040 12 021 3/10

# MILWAUKEE TRANSPORT SERVICES, INC.

Operator of Milwaukee County Transit System  
1942 NORTH 17TH STREET, MILWAUKEE, WI 53205-1697  
Telephone: 414-937-3243 • Fax: 414-344-7080

## PURCHASE ORDER

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REVISED

**FOR PAYMENT**  
MAIL INVOICES IN DUPLICATE  
TO: ACCOUNTS PAYABLE  
TELEPHONE: 414-343-1707  
FAX: 414-344-4759

VENDOR NUMBER 20299 (414) 264-7433 Fax: (414) 264-7460

### PURCHASE ORDER NUMBER

B 15026-0001-0008

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DELIVERY FORMS

PAGE: 2

VENDOR: TRANSIT EXPRESS SERVICES  
424 WEST CHERRY STREET  
MILWAUKEE WI 53212-3820

SHIP TO: MILW. TRANSPORT SERVICES, INC.  
1525 W. VINE STREET  
MILWAUKEE WI 53205

Please furnish goods and/or services as specified hereon, subject to the conditions of purchase as described on reverse side.

P.O. DATE		PAYMENT TERMS		F.O.B.	FREIGHT TERMS	UNIT COST
11/01/2007		NET 30		DESTINATION	DELIVERED PRICING	
LINE NO.	MTS REFER NO.	QUANTITY	UNIT	VENDOR PART NUMBER/DESCRIPTION		DATE REQUIRE
27				\$43.47/HOUR		
28				YEAR 3 - HOURLY RATE FOR NOV. 1, 2009 THRU OCT. 31, 2010 =		
29				\$44.69/HOUR		
30				YEAR 4 - HOURLY RATE FOR NOV. 1, 2010 THRU OCT. 31, 2011 =		
31				\$45.87/HOUR		
32				YEAR 5 - HOURLY RATE FOR NOV. 1, 2011 THRU OCT. 31, 2012 =		
33				\$47.11/HOUR		
34						
35				EMERGENCY EXTENSION PER RFP MM-05-07, SPECIFICATION TP-01-03		
36				DATED APRIL 13, 20117 AND ATTACHMENT A - EMERGENCY EXTENSION		
37				AGREEMENT FROM NOVEMBER 1, 2012 THRU OCTOBER 31, 2015.		
38				HOURLY RATES SHALL BE AS FOLLOWS:		
39				FROM NOVEMBER 1, 2012 THRU OCTOBER 31, 2013 = \$50.87/HR.		
40				FROM NOVEMBER 1, 2013 THRU OCTOBER 31, 2014 = \$52.65/HR.		
41				FROM NOVEMBER 1, 2014 THRU OCTOBER 31, 2015 = \$54.49/HR.		
42						
43						
44						
45						

SPECIAL INSTRUCTION EMERGENCY EXTENSION ADDED.

0.00

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*Carl J. Ciarlo*  
AUTHORIZED SIGNATURE

040 12 021 3/10



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BETWEEN TRANSIT EXPRESS SERVICES, INC. AND MILWAUKEE  
TRANSPORT SERVICES, INC.**

THIS EMERGENCY EXTENSION AGREEMENT ("Emergency Agreement") is made and entered into by and between Milwaukee Transport Services Inc. and Milwaukee County Transit System (collectively "MCTS"), on the one side, and Transit Express Services, Inc. ("Transit Express"), on the other (collectively the "Contracting Parties").

**WHEREAS**, MCTS and Transit Express entered into Purchase Order Number 15026 pursuant to RFP MM-05-07 and Specification TP-01-03, Dated 04/13/2007, for paratransit services for Area A from November 1, 2007 to October 31, 2012;

**WHEREAS**, MCTS put out for bid RFP MM-05-12 on or about June 5, 2012;

**WHEREAS**, MCTS received offers from, amongst other entities, Transit Express Services, Inc., and First Transit, Inc. for areas A and B ("First Transit");

**WHEREAS**, on or about September 20, 2012, MCTS issued a letter of intent to award RFP MM-05-12 to First Transit, Inc. ("Letter of Intent");

**WHEREAS**, the Letter of Intent was protested by Transit Express, and, pursuant to the protest appeal procedures of RFP MM-05-12, a hearing was scheduled to be held on October 19, 2012 ("Hearing");

**WHEREAS**, no award from RFP MM-05-12 would be permitted until after the Hearing leaving an insufficient amount of time for any vendor to provide paratransit services to MCTS. A vendor would likely require at least a month to be able to provide paratransit services to MCTS pursuant to RFP MM-05-12;

**WHEREAS**, Transit Express and First Transit are the two vendors contractually obligated to provide paratransit services to MCTS only until October 31, 2012;

**WHEREAS**, because no award could be made pursuant to RFP MM-05-12 until after October 31, 2012, and because the current paratransit providers are contractually obligated to provide paratransit services only until October 31, 2012, MCTS sought emergency extension agreements with the current paratransit providers to ensure safe and reliable paratransit services from November 1, 2012 and on;

**NOW THEREFORE**, in consideration of the terms, provisions, and promises set forth below, the Contracting Parties agree as follows:

1. This is an emergency extension of paratransit services provided pursuant to Purchase Order Number 15026 RFP MM-05-7 and Specification TP-01-03 dated 4/13/2007 (the "2007 Contract"). This Emergency Agreement incorporates all of the terms, rights and obligations of the 2007 Contract as if fully set forth herein. To the extent that any of the terms of this Emergency Agreement conflict with the terms, rights, or obligations of the 2007 Contract, this Emergency Agreement shall control.
2. The term of this Emergency Agreement shall be three (3) years commencing on November 1, 2012 and ending on October 31, 2015.
3. Transit Express shall continue to service Area A only under the same terms and conditions as those contained within the 2007 Contract, except as those provided in this Emergency Agreement.
4. From November 1, 2012, until October 31, 2013, the Cost per Service Hour will be \$50.87 per hour.

5. From November 1, 2013, until October 31, 2014, the Cost per Service Hour will be \$52.65 per hour.
6. From November 1, 2014, until October 31, 2015, the Cost per Service Hour will be \$54.49 per hour.
7. The Parties acknowledge that this Emergency Agreement is a joint product and shall not be construed against either party on grounds of drafting.
8. This Emergency Agreement may not be amended except by a written amendment signed by all of the Parties.
9. The validity, performance, and enforcement of this Emergency Agreement shall be governed by the laws of the State of Wisconsin and any suit brought thereon shall be commenced and remain in the circuit court of Milwaukee County Wisconsin.
10. This Emergency Agreement may be executed in counterparts, each of which when so executed shall be an original, but all such counterparts together constitute but one and the same instrument. A signed copy of this Emergency Agreement transmitted by facsimile or electronic means shall be as effective as an original.
11. MCTS's ability to terminate this emergency extension agreement for convenience pursuant to Paragraph 22 of the 2007 Contract, shall be limited to any event by which the Federal Transit Administration restricts or eliminates funding to MCTS for the paratransit services included within this Emergency Agreement. This paragraph shall not affect MCTS's ability to terminate for default.

MILWAUKEE TRANSPORT SERVICES, INC.

By: Gregory J. Smith  
Its: President

10/17/2012  
Date

Approved as to form:

[Signature]  
Quarles & Brady LLP

10/17/2012  
Date

Attorneys for Milwaukee Transport Services, Inc.

TRANSIT EXPRESS SERVICES, INC.

By: John V. Deherity  
Its: John V. Deherity

10/17/2012  
Date

Approved as to form:

[Signature]  
Friebert, Finerty & St. John, S.C.

10/17/2012  
Date

Attorneys for Transit Express Services, Inc.





Community Business Development Partners

# MILWAUKEE COUNTY

MARINA DIMITRIJEVIC • Chairwoman, Milwaukee County Board of Supervisors  
NELSON SOLER • Interim Director, Community Business Development Partners

November 12, 2012

John Doherty  
Transit Express Services  
424 W Cherry St  
Milwaukee, WI 53212  
414-264-7433 x 232 office  
[jdoherty@transitexpress.com](mailto:jdoherty@transitexpress.com)

RE: **MTS – Disable Transport – 508-02-201**  
**Purchase Order # B 15026-0001-0008**

Dear Contractor:

The Community Business Development Partners department of Milwaukee County (CBDP) monitors the participation of Disadvantaged Business Enterprise (DBE) firms on County projects to ensure compliance with Milwaukee County Code of General Ordinances Chapter 42 and 49 CFR Parts 23 and 26.

Please take the time to review the following highlights of the DBE requirements covering this contract extension, as they may be considerably different from your current industry practices as a prime contractor.

1. The prime shall submit a signed copy of the contract, including all amendments and schedules, with each DBE providing service toward satisfaction of the level of certified participation stated in the contract extension. It is the responsibility of the prime to obtain contracts from all applicable subcontractors for DBEs participating on lower tiers of this contract extension. Contract(s) must be submitted to CBDP within seven (7) days from receipt of *Notice-to-Proceed*, along with a Project Schedule reflecting the services or goods to be supplied by DBEs. Requests for payment will not be processed if these items are not on file with CBDP.
2. All adjustments to pricing affect DBE participation proportionally. As contract prices are adjusted, reciprocal adjustments to DBE participation will be necessary to maintain the level of certified participation stated in the contract extension. If prime fails to achieve and maintain the level of certified participation stated in the contract extension, prime shall provide documentation to CBDP demonstrating that it made good faith efforts in its attempt to meet the stated level of certified participation. The failure of the prime to reflect a good faith effort to achieve and maintain the stated level of certified participation throughout the term of this contract extension shall be considered a material breach of the contract extension and may result in termination of the contract extension.
3. DBEs desiring to further subcontract work on this contract extension are required to request and obtain approval from CBDP prior to subcontracting any portion of their work under this contract extension.
4. The prime shall count only expenditures to DBEs that perform a commercially useful function in the actual work of the contract. The prime shall be credited for fees or commissions charged for assistance in the procurement of materials and supplies, i.e., brokered deals, according to industry practice up to a maximum of 10% of cost. The prime shall also be credited for fees or transportation charges for the delivery of materials or supplies by a DBE to a

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TELEPHONE (414) 278-4747 • FAX (414) 223-1958



job site, provided Milwaukee County determines the fee(s) as reasonable. The cost of the materials and supplies so brokered will not be credited

5. Prime shall list DBE service(s) and payment amount(s) separately on each request for payment, in addition to submitting a *DBE Utilization Report* (DBE-16) with each payment request. *Contract Close-Out DBE Payment Certification(s)* (DBE-18) for each certified firm must be submitted with the final payment request. Project Manager will reject payment requests if this information is not included in the request.
6. Prime shall pay all subcontractors within seven (7) days of receipt of payment from Milwaukee County.
7. Approval must be obtained from CBDP prior to making any substitution and/or termination action(s). If for any reason the DBE(s) cannot perform, or if a problem related to achieving the stated level of certified participation exists, the prime shall immediately contact CBDP at (414) 278-4747. The prime must submit a written request for substitution and/or termination to its DBE subcontractor specifying the reason(s) for the request, and forward a copy to CBDP. DBE subcontractor shall be afforded 5 business days to respond to the specifics of the request.
8. CBDP shall notify prime in the event that new regulations or ordinances affecting participation are enacted. Following such notification, prime shall initiate all necessary and reasonable steps to achieve and/or maintain compliance with the newly established requirements throughout the remaining term of this contract extension.
9. CBDP reserves the right to conduct compliance reviews and request from any contractors, documentation (i.e., invoices, cancelled checks, etc.) that will substantiate any stated level(s) of certified participation.
10. Milwaukee County does not allow "pass through" practices, and will initiate suspension or debarment proceedings under 49 CFR Part 29, take enforcement action under 49 CFR Part 31, and/or refer the matter to the Department of Justice for criminal prosecution under 18 U.S.C. 1001 against all persons and firms found to participate in such practices. Milwaukee County will also initiate decertification proceedings against DBEs found to participate in such practices.
11. Failure to comply with these requirements will result in your removal from this project.

While we are here to assist with all DBE-related questions and/or issues, these clarifications are necessary in light of the level of certified participation achieved on the original contract to date by Transit Express Services. Through September of 2012, the level of certified participation is 5.14% of the \$50,553,218.83 in contract payments to Transit Express. This figure is \$940,793.35 short of the level committed at contract award. Therefore, Transit Express will need to increase participation of certified firms in order to come into compliance with its contractual assurances.

The performance of Transit Express will be monitored by CBDP throughout the life of this contract extension. CBDP will send notification via email if at any time the certified participation requirements of this contract extension are not met. Transit Express will have 30 calendar days from the date of notification to establish compliance. Failure to correct within this timeframe will result in payment(s) being withheld until certified participation requirements are met. Failure to maintain compliance for any consecutive 90 calendar day period shall be considered a material breach of the contract extension, and may result in termination of this contract extension.

Please direct inquiries concerning this notification to my attention.

Earnestly,



Mark Phillips  
Contract Compliance Manager, DBE

## TRANSIT EXPRESS: DBE AUDIT RESULTS THROUGH SEPTEMBER 2012

Nov 207 - Sep 2012	2008	2009	2010	2011	2012	CUM. TOTALS
<b>CONTRACT REVENUE</b>	<b>9,427,056.78</b>	<b>11,353,001.02</b>	<b>11,989,563.35</b>	<b>10,927,576.49</b>	<b>6,856,021.19</b>	<b>\$50,553,218.83</b>
<b>7% DBE GOAL (REV X .07)</b>	<b>659,893.97</b>	<b>794,710.07</b>	<b>839,269.43</b>	<b>764,930.35</b>	<b>479,921.48</b>	<b>3,538,725.32</b>
ABLE ACCESS	172,356.35	366,644.03	442,480.24	340,785.08	112,091.18	1,434,356.88
AMERACARE TRANSPORTS	330,758.42	157,201.30	0.00	0.00	0.00	487,959.72
AT&T OPTIMUM CLEANING	0.00	9,325.00	15,100.00	12,600.00	4,200.00	41,225.00
EATON'S ASPHALT SERVICE	2,880.00	0.00	0.00	0.00	0.00	2,880.00
JF COOK	2,752.95	4,888.59	2,309.21	1,673.50	1,843.15	13,467.40
OASIS COFFEE SERVICE	7,484.72	7,282.13	7,630.69	13,027.58	10,773.90	46,199.02
OIL NETWORK MARKETING	74,048.42	45,440.22	52,885.55	71,964.47	57,581.39	301,920.06
PROTECH AUTO GLASS	6,984.97	12,401.19	9,985.92	11,372.62	12,890.87	53,635.57
TRI-STATE OFFICE PRODUCTS	0.00	0.00	0.00	387.38	34.16	421.54
TROTTER INDUSTRIES	9,600.00	3,000.00	0.00	0.00	0.00	12,600.00
UC CLEAN	0.00	0.00	0.00	0.00	14,500.00	14,500.00
WISCONSIN SECURITY POLICE	46,599.00	51,688.00	46,728.00	43,751.78	0.00	188,766.78
<b>DBE CREDIT</b>	<b>\$653,464.83</b>	<b>\$657,870.46</b>	<b>\$577,119.61</b>	<b>\$495,562.41</b>	<b>\$213,914.65</b>	<b>\$2,597,931.97</b>
<b>SHORTFALL</b>	<b>(\$6,429.14)</b>	<b>(\$136,839.61)</b>	<b>(\$262,149.82)</b>	<b>(\$269,367.94)</b>	<b>(\$266,006.83)</b>	<b>(\$940,793.35)</b>
<b>DBE %</b>	<b>6.93%</b>	<b>5.79%</b>	<b>4.81%</b>	<b>4.53%</b>	<b>3.12%</b>	<b>5.14%</b>

### TRANSIT EXPRESS CONTACTS

Mary Smarelli 264-7443 x 201  
John Doherty 264-7443 x 232





Community Business Development Partners  
**MILWAUKEE COUNTY**

MARINA DIMITRIJEVIC • Chairwoman, Milwaukee County Board of Supervisors  
NELSON SOLER • Interim Director, Community Business Development Partners

November 12, 2012

Stephanie Baker  
First Transit  
4524 S 13<sup>th</sup> St  
Milwaukee, WI 53221  
414-847-2751  
[stephanine.baker@firstgroup.com](mailto:stephanine.baker@firstgroup.com)

**RE: MTS – Disable Transport – 508-02-201**  
**Purchase Order # B 15025-0001-0009**

Dear Contractor:

The Community Business Development Partners department of Milwaukee County (CBDP) monitors the participation of Disadvantaged Business Enterprise (DBE) firms on County projects to ensure compliance with Milwaukee County Code of General Ordinances Chapter 42 and 49 CFR Parts 23 and 26.

Please take the time to review the following highlights of the DBE requirements covering this contract extension, as they may be considerably different from your current industry practices as a prime contractor.

1. The prime shall submit a signed copy of the contract, including all amendments and schedules, with each DBE providing service toward satisfaction of the level of certified participation stated in the contract extension. It is the responsibility of the prime to obtain contracts from all applicable subcontractors for DBEs participating on lower tiers of this contract extension. Contract(s) must be submitted to CBDP within seven (7) days from receipt of *Notice-to-Proceed*, along with a Project Schedule reflecting the services or goods to be supplied by DBEs. Requests for payment will not be processed if these items are not on file with CBDP.
2. All adjustments to pricing affect DBE participation proportionally. As contract prices are adjusted, reciprocal adjustments to DBE participation will be necessary to maintain the level of certified participation stated in the contract extension. If prime fails to achieve and maintain the level of certified participation stated in the contract extension, prime shall provide documentation to CBDP demonstrating that it made good faith efforts in its attempt to meet the stated level of certified participation. The failure of the prime to reflect a good faith effort to achieve and maintain the stated level of certified participation throughout the term of this contract extension shall be considered a material breach of the contract extension and may result in termination of the contract extension.
3. DBEs desiring to further subcontract work on this contract extension are required to request and obtain approval from CBDP prior to subcontracting any portion of their work under this contract extension.
4. The prime shall count only expenditures to DBEs that perform a commercially useful function in the actual work of the contract. The prime shall be credited for fees or commissions charged for assistance in the procurement of materials and supplies, i.e., brokered deals, according to industry practice up to a maximum of 10% of cost. The prime shall also be credited for fees or transportation charges for the delivery of materials or supplies by a DBE to a

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job site, provided Milwaukee County determines the fee(s) as reasonable. The cost of the materials and supplies so brokered will not be credited.

5. Prime shall list DBE service(s) and payment amount(s) separately on each request for payment, in addition to submitting a *DBE Utilization Report* (DBE-16) with each payment request. *Contract Close-Out DBE Payment Certification(s)* (DBE-18) for each certified firm must be submitted with the final payment request. Project Manager will reject payment requests if this information is not included in the request.
6. Prime shall pay all subcontractors within seven (7) days of receipt of payment from Milwaukee County.
7. Approval must be obtained from CBDP prior to making any substitution and/or termination action(s). If for any reason the DBE(s) cannot perform, or if a problem related to achieving the stated level of certified participation exists, the prime shall immediately contact CBDP at (414) 278-4747. The prime must submit a written request for substitution and/or termination to its DBE subcontractor specifying the reason(s) for the request, and forward a copy to CBDP. DBE subcontractor shall be afforded 5 business days to respond to the specifics of the request.
8. CBDP shall notify prime in the event that new regulations or ordinances affecting participation are enacted. Following such notification, prime shall initiate all necessary and reasonable steps to achieve and/or maintain compliance with the newly established requirements throughout the remaining term of this contract extension.
9. CBDP reserves the right to conduct compliance reviews and request from any contractors, documentation (i.e., invoices, cancelled checks, etc.) that will substantiate any stated level(s) of certified participation.
10. Milwaukee County does not allow "pass through" practices, and will initiate suspension or debarment proceedings under 49 CFR Part 29, take enforcement action under 49 CFR Part 31, and/or refer the matter to the Department of Justice for criminal prosecution under 18 U.S.C. 1001 against all persons and firms found to participate in such practices. Milwaukee County will also initiate decertification proceedings against DBEs found to participate in such practices.
11. Failure to comply with these requirements will result in your removal from this project.

While we are here to assist with all DBE-related questions and/or issues, these clarifications are necessary in light of the level of certified participation achieved on the original contract to date by FirstGroup America d/b/a First Transit. Through September of 2012, the level of certified participation is 6.33% of the \$39,974,267.64 in contract payments to First Transit. This figure is \$555,019.15 short of the level committed at original contract award. Therefore, First Transit will need to increase participation of certified firms in order to come into compliance with its contractual assurances.

The performance of First Transit will be monitored by CBDP throughout the life of this contract extension. CBDP will send notification via email if at any time the certified participation requirements of this contract extension are not met. First Transit will have 30 calendar days from the date of notification to establish compliance. Failure to correct within this timeframe will result in payment(s) being withheld until certified participation requirements are met. Failure to maintain compliance for any consecutive 90 calendar day period shall be considered a material breach of the contract extension, and may result in termination of this contract extension.

Please direct inquiries concerning this notification to my attention.

Earnestly,



Mark Phillips  
Contract Compliance Manager, DBE



## FIRST TRANSIT: DBE AUDIT RESULTS THROUGH SEPTEMBER 2012

Nov 207 - Sep 2012	2008	2009	2010	2011	2012	CUM. TOTALS
CONTRACT REVENUE	8,712,125.45	9,130,037.17	9,142,828.14	8,228,680.19	4,760,596.69	\$39,974,267.64
7% DBE GOAL (REV X .07)	609,848.78	639,102.60	639,997.97	576,007.61	333,241.77	2,798,198.73
OIL NETWORK (Fuel)	126,240.34	74,543.93	92,468.41	97,095.19	62,726.65	453,074.52
PEOPLE'S TRANSIT	0.00	0.00	0.00	0.00	39,435.50	39,435.50
A-1 TRANSPORT	131,680.38	57,298.27	0.00	0.00	0.00	188,978.65
EXACT TRANSPORT	302,159.56	425,078.38	501,975.52	443,363.99	177,775.28	1,850,352.73
VILAR ARTS (PRINTING)	503.53	410.94	269.82	0.00	0.00	1,184.29
COMMUNITY PEST	637.00	504.00	504.00	868.06	576.00	3,089.06
BELONGER	676.42	406.42	0.00	5,102.56	1,058.56	7,243.96
DAIRYLAND ELECTRIC	4,856.25	1,493.05	10,251.00	8,276.00	3,983.44	28,859.74
DBE CREDIT, REPORTED	\$566,753.48	\$559,734.99	\$605,468.75	\$554,705.80	\$285,555.43	\$2,572,218.45
SHORTFALL, REPORTED	(\$43,095.30)	(\$79,367.61)	(\$34,529.22)	(\$21,301.81)	(\$47,686.34)	(\$225,980.28)
DBE %, REPORTED	6.51%	6.13%	6.62%	6.74%	6.00%	6.43%
DBE CREDIT	\$563,198.55	\$556,593.00	\$601,169.13	\$532,167.66	\$275,415.66	\$2,528,544.00
SHORTFALL	(\$46,650.24)	(\$82,509.60)	(\$38,828.84)	(\$43,839.95)	(\$57,826.11)	(\$555,019.15)
DBE %	6.46%	6.10%	6.58%	6.47%	5.79%	6.33%

### OIL NETWORK MARKETING

INVOICE FIGURES	1,226,854.06	714,019.44	881,687.90	745,570.54	566,389.65	4,134,521.59
DBE CREDIT REPORTED	126,240.34	74,543.93	92,468.41	97,095.19	62,726.65	453,074.52
DBE CREDIT	122,685.41	71,401.94	88,168.79	74,557.05	52,586.88	409,400.07
Difference in Reported & Actual	(3,554.93)	(3,141.99)	(4,299.62)	(22,538.13)	(10,139.77)	(43,674.44)

#### FIRST TRANSIT CONTACTS

Stephanie Baker 414-847-2751  
Morgen McClenden 414-460-3759



**COUNTY OF MILWAUKEE**  
INTEROFFICE COMMUNICATION

**Department of Transportation**  
Brian Dranzik, Director

DATE: April 15, 2013

TO: Jerome J. Heer, Director of Audits

FROM: Brian Dranzik, Director of Transportation  
Lloyd Grant, Managing Director, Milwaukee County Transit System

SUBJECT: Response to the Audit of Emergency Contract Extensions for Paratransit Services Negotiated by Milwaukee Transport Services, Inc. for a 3-Year Period Effective November 1, 2012

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The Department of Transportation would like to thank the Milwaukee County Department of Audit for their review of the emergency contract extensions for paratransit services. Staff from the Milwaukee County Transit System and the Department of Transportation agrees that the Department of Audit was professional and respectful in their analysis.

Paratransit services are a vital component of transportation services offered by the Milwaukee County Transit System. Transit Plus strives to ensure that individuals with disabilities who rely on paratransit services for their medical and personal needs are provided quality, reliable and uninterrupted transportation services in a cost effective manner. As the audit states, in 2012, over 459,000 van rides were provided. Providing reliable service to the roughly 3,800 clients that depend on paratransit is something that the Milwaukee County Transit System takes very seriously.

MTS remains disappointed that it was not successful in its efforts to attain short-term extensions of existing paratransit services contracts. While it is highly unusual for all of the factors contributing to the extension to occur, the decision to enter into emergency contract extensions was driven by the need to avoid a situation that put paratransit riders at risk of being without critical service. MTS is taking steps to tighten controls necessary to prevent long delays in the procurement process of this service.

Balancing the need to provide critical services with the fiscal realities that are ever-present is the crux of the issue for the paratransit emergency contract extensions. To that end, the Department of Audit report has identified eight areas in which improvements can be instituted to ensure that service is provided and resources are protected. The Department of Transportation and the Milwaukee County Transit System provide the following response to the individual audit findings:



MCDOT Management:

1. *Work with MTS to obtain guidance from the Milwaukee County Corporation Counsel regarding all aspects of its appeals process, including appropriate criteria for allowing public input.*

The Department of Transportation agrees with this finding. The Director of Transportation will facilitate discussion with MTS and Milwaukee County Corporation Counsel for guidance on all aspects of the appeals process. The Department envisions this would begin in the second quarter of 2013.

2. *Work with MTS to include continuation of service provisions in paratransit service contracts that ensure no interruption in service before subsequent contracts are awarded.*

The Department of Transportation agrees with this finding. The Director of Transportation will work with Milwaukee Transport Services, Inc. (MTS) on proper continuation of service language to be included in future contracts. Implementation of this change will occur with the next paratransit services contract MTS enters into.

3. *Work with MTS management to codify its scoring protocol in its procurement procedures.*

The Department of Transportation agrees with this finding. The Director of Transportation will work with MTS to ensure that the existing scoring protocol is incorporated into procurement procedures. The Department anticipates this adaptation to the procurement procedures can be made by the end of the second quarter of 2013.

4. *Establish a suitable timeframe for procurements that include hard internal deadlines, formal agreements for turnaround times on inter-agency interactions, and ample cushion for unforeseen delays.*

The Department of Transportation agrees with the finding. The Director of Transportation will work with MTS on procedures that can be implemented for future procurements. It should be noted that individual procurements vary depending on the service or product being sought so a one size fits all model would not be appropriate. However, the Department of Transportation and MTS can establish a process that establishes a schedule for each procurement that does identify critical internal deadlines. In addition, schedules will be established to ensure that adequate time is allowed for unforeseen delays.

The Director of Transportation will provide written guidance to MTS regarding the formal agreement for turnaround times on inter-agency interaction process.

5. *Establish formal protocols for notification of the MCDOT Contact Administrator when above deadlines are missed.*

The Department of Transportation agrees with the finding. The Director of Transportation will provide written guidance to MTS regarding formal protocols for notification. The Department would further add that this will include an assessment of fiscal and programmatic impacts due to missed deadlines.

6. *Limit emergency contracts/extensions to one year.*

The Department of Transportation agrees the finding and will ensure that contract language limits emergency contract extensions to one year. Future management contracts will state that emergency contracts are limited to one year.

7. *Require formal written notification of the County Executive and County Board Chair within 48 hours of any emergency contract/extensions with a detailed explanation of the nature and extend of the emergency, as well as the fiscal impact of the action taken.*

The Department of Transportation agrees with the finding. The Director of Transportation will work with MTS to ensure that procedures related to notification are established in MTS' procurement procedures. The Department anticipates this task will be completed within the second quarter of 2013.

8. *Work with Corporation Counsel and representatives of the Federal Transit Administration to review all options for terminating the emergency contract extension for paratransit van service without disrupting the service for Milwaukee County's disabled clientele.*

The Department of Transportation agrees with the finding. The Director of Transportation will work with Corporation Counsel and the Federal Transit Administration to review what options are available to MTS and the County. It is difficult to assess a timeframe for when an outcome may be reached since these discussions may be subject to review by the FTA.



Brian Dranzik  
Director of Transportation



Lloyd Grant  
Managing Director, MCTS



**COUNTY OF MILWAUKEE**  
**Inter-Office Communication**

**Date:** February 18, 2013

**To:** Supervisor Willie Johnson, Jr., Co-Chair, Committee on Finance, Personnel & Audit  
 Supervisor David Cullen, Co-Chair, Committee on Finance, Personnel & Audit  
 Supervisor Michael Mayo, Chair, Committee on Transportation, Public Works & Transit

**From:** Jerome J. Heer, Director of Audits

**Subject:** Status Report – Audit of County Preventive Maintenance Program (File No. 10-389)

At its meeting on October 28, 2010, the Committee on Finance and Audit passed a motion to refer our audit report "Milwaukee County Needs to Commit to a Preventive Repair & Maintenance Program to Ensure Public Safety," to the Committee on Transportation, Public Works and Transit to "read the response from Public Works and develop a plan to move forward."

At the Committee on Transportation, Public Works and Transit meeting on January 19, 2011, a motion to receive and place the report on file was approved. Additionally, the Committee Chair directed that a report be brought back in six months on the progress of the inspections, recommendations for the 2012 budget, and a list of all 902 County buildings. In response to this directive, the Department of Transportation and Public Works (DTPW) submitted a report dated August 22, 2011, to your respective committees.

Subsequently, three status reports noting the progress made toward implementation of our audit recommendations were submitted to the Committees. Dates the status reports were presented to the Committees, along with any action taken are listed as follows.

**09/14/11:** TPW&T Committee – Informational, no action taken.

**09/22/11:** F&A Committee – Informational, no action taken. However, it was noted that the Audit Department will provide a status report in the March 2012 committee cycle.

**02/29/12:** TPW&T Committee – Informational, motion passed to receive and place on file.

**03/08/12:** F&A Committee – Informational, no action taken.

**12/05/12:** TPW&T Committee – Informational, motion passed to receive and place on file. Additionally, the Committee requested quarterly status reports.

**12/13/12:** FP&A Committee – Informational, no action taken.

DAS management describes its recent efforts and plans to implement the outstanding recommendations in the current status report and its accompanying attachments, attached for your review.

At its meeting on December 5, 2012, the Transportation, Public Works and Transit Committee also requested an update regarding completion of the CBRE Report. The report was recently issued and the Department of Administrative Services is pursuing approval to form a workgroup to address recommendations and issues identified in the report.

Supervisor Willie Johnson, Jr., Co-Chair, Committee on Finance, Personnel & Audit  
Supervisor David Cullen, Co-Chair, Committee on Finance, Personnel & Audit  
Supervisor Michael Mayo, Chair, Committee on Transportation, Public Works & Transit  
February 18, 2013  
Page Two

This status report is informational and we will work with the Department of Administrative Services to provide quarterly status reports to your respective committees.

  
Jerome J. Heer

JJH/PAG/cah

Attachments

cc: Scott Manske, Milwaukee County Comptroller  
Finance, Personnel & Audit Committee Members  
Transportation, Public Works & Transit Committee Members  
Chris Abele, Milwaukee County Executive  
Don Tyler, Director, Department of Administrative Services  
Jim Burton, Director, Facilities Management, Department of Administrative Services  
Greg High, Director, Arch. and Eng. Services, Department of Administrative Services  
Julie Esch, Budget and Policy Administrator, Department of Administrative Services  
Kelly Bablitch, Chief of Staff, County Board Staff  
Steve Cady, Research Analyst, County Board Staff  
Martin Weddle, Research Analyst, County Board Staff  
Carol Mueller, Chief Committee Clerk  
Jodi Mapp, Committee Clerk, County Board Staff

**Facility Assessment Program Status Report  
DAS Facility Management Division  
February 13, 2013**

The following status report is in response to the Department of Audit's report on the creation of a County Wide Preventative Maintenance Program submitted to the Committee on Finance and Audit dated October 2010, and the subsequent Implementation Status Report to the Committee dated November 19, 2012.

Since the Audit Report of October 2010 the Department of Administration Facility Management- Architectural Engineering and Environmental Services Division (AE&ES) Support Services Section responsible for Milwaukee County's Facility Assessment Program, has implemented the following measures to address the Audit Reports recommendations.

The AE&ES Support Services Section developed a Policy and Procedure for routine annual building inspection procedure to assist FM Units inspect their properties to ensure Life Safety deficiencies are addressed in a timely manner. In conjunction with the inspection procedures the AE&ES Support Services Section provided documented deficiencies from the VFA database to each FM Unit, requesting their review and status update.

While obtaining a good response from the FM Units it was established that several FM Units, due to lack of appropriate FM staff need to be inspected by AE&ES Support Service. (Future FM Inspection Team) To facilitate obtaining accurate status information in a timely manner, the following FM Units were inspected by the Facility Assessment Coordinator and the Facility Assessment Team Architect; Washington Park Senior Center, Historical Society, Uihlein Soccer Center, and Research Park Innovation Center.

Based on the FM Units review/responses and AE&ES inspections the following FM Units deficiency status as of December 1, 2012 has been updated and entered into the VFA database:

- Department on Aging Senior Centers
- Historical Society
- Uihlein Soccer Center/Park
- Research Park Innovation Center
- Zoological Gardens
- Art Centers

AE&ES Support Services are currently working with the following FM Units on an on going basis to update the status of their deficiencies:

- MCTS
- Parks

**(Attachment A-1)**

It should be noted, that due to the latest upgrade versions to the VFA database and discussions with Vanderweil Facility Advisors (VFA) staff, we currently identify deficiency status as follows: closed, on going maintenance, N/A not applicable, and In-project or in-planning.

AE&ES Support Services has also completed the Facility Assessment of GMIA and Timmerman Airports. Likewise, the War Memorial conducted a Facility Assessment in 2003. Support Services has recently completed entering this information into the VFA database and plans on working with the War Memorial on updating the status of this assessment report. In addition, VFA, Inc. is currently under contract and scheduled to assess the condition of Child Adolescent Treatment Center and Children's Court Center, in mid March 2013. AE&ES Support Services is currently gathering building data for re-assessment of the Courthouse Complex, Historical Society and MCTS Facilities per the 2013 Facility Assessment Program Schedule.

## STATUS OF IMPLEMENTING DEPARTMENT OF AUDIT REPORT RECOMMENDATIONS

**Audit Title:** Milwaukee County Needs to Commit to a Preventive Maintenance Program to Ensure Public Safety

**File no. of Audit Rpt:** 10-389

**Audit Date:** October 2010

**Status Report Date:** February 2013

**Department:** Transportation & Public Works

Number & Recommendation	Deadlines Established		Deadlines Achieved		Implementation Status		Comments
	Yes	No	Yes	No	Completed	Further Action Required	

1. Draft a policy, for County Board consideration, establishing minimum standards for assessing, inspecting and maintaining proper building conditions.		X			No	Yes	<p><b><u>August 2011 Response:</u></b></p> <p>A policy appears to already be in place. Section 56.20 of the County Ordinances states "Administration of all public works projects shall be the function of and centralized in the Department of Transportation and Public Works". Administration is defined to include "establishment of a program for maintaining structural integrity of all capital improvements and routine major maintenance." Based on existing County Ordinance Section 56.20, DTPW staff is developing a DTPW Director mandated county-wide annual building inspection program for "maintaining structural integrity of all capital improvements and routine major maintenance."</p> <p>In the 2011 Adopted Budget 5 skilled trade positions (Inspection Unit) were created in the DTPW Director's Office but not funded for Building Inspections. Once this DTPW inspection team has been assembled, they will visit all County facilities on an annual basis using a recently developed "Inspection Manual for Building Components and Other Structures". The inspections performed by this unit would take into account the VFA data, as well as pending capital requests for each building. The Property Management (PM) Units will be provided a list of deficiencies that the inspectors have found on each building. This notification process would provide a record of current building condition, and highlight the immediate necessary remedies that would make sure public safety is not compromised. Inspection reports will be generated and submitted to the PM Units with the directive to implement any repair or removal of imminent threat to employee or public safety. If, upon revisiting the facilities, the directed repair or removal of imminent threats has not been completed, a report to the County Board will be generated.</p>
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							<p>Concurrently. DTPW recognizes that PM Units will want to be proactive in confirming that the buildings they are responsible for maintaining are in compliance. In January of each year, all PM Units will be required to submit to the Director of DTPW a copy of an inspection checklist that they completed for each appropriate building and/or structure for which they are responsible. A listing of buildings will be established with and for each PM Unit. A similar process will be established for all County buildings leased, operated and maintained by third parties</p> <p><b><u>February 2012 Response:</u></b></p> <p>The policy required for establishing minimum standards for assessing, inspecting and maintaining proper building conditions is in place.</p> <p>In the February 2012 committee cycle, the County Board approved revisions to Chapters 44 and 56 of the Code of Ordinances as it pertains to contract of a public works nature based on the provisions of the 2012 Adopted Budget. As a result, based on existing County Ordinance Section 56.20, DAS-Facilities Management Division (DAS-FM) staff is developing a DAS Director mandated county-wide annual building inspection program for "maintaining structural integrity of all capital improvements and routine major maintenance."</p> <p><b><u>November 2012 Response</u></b></p> <p>Per the 2013 Adopted Budget for Milwaukee County, a Support Services Section is created in Facilities Management Division that includes the Facilities Assessment Team. The team includes 1.0 FTE Architect, 2.0 FTE Heating and Equipment Mechanic and 1.0 FTE</p>



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							<p>Electrical Mechanic to develop action plans to address overall facilities maintenance/repairs and façade inspections countywide and integration with the VFA database. For 2013, the Team will be funded with one-time capital funding (WO949 – Inventory Assessment) that was approved in a March 2012 fund transfer. Future funding for assessments and inspections will be achieved through a cross-charge methodology to be developed in 2013, based upon the action plans.</p> <p><b>February 2013 Response</b>  <a href="#">See (attachment A) FM Facility Assessment P&amp;P</a></p>
2. Request sufficient funding to perform proactive, cyclical assessments and inspections of County-owned infrastructure assets.					Yes	No	<p><b>August 2011 Response:</b>            In 2010, DTPW requested and received funding of \$1.6 million in the adopted 2011 Capital Budget to assess the condition of all County facilities that had not yet been included in DTPW's existing Building Inventory and Assessment Program (VFA). \$1.2 million was provided from the UWM land sale revenue and \$400,000 was provided from various airport accounts for airport facilities. Building assessment tasks at the airports are ongoing. All other assessments have been delayed due to a delay in receipt of the funding revenue from land sales.</p> <p>The process of performing assessments and inspections is the first step in understanding the extent of building condition. From the inspection, a determination must be made regarding the severity of the structural condition and the immediacy of the repair. Therefore, in terms of establishing funding for assessments and inspections, the process must be broken down into three parts; building assessment and inspection, cost of repair and the timeframe</p>

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							<p>for repair. This must be done for interior as well as exterior assessments.</p> <p>DTPW is proposing an Inspection Unit identified earlier. This unit will inevitably refine the inspection and assessment process over time producing better cost estimating for such services. In the mean time, establishing a cost base line for cyclical assessments and inspections will be based on recent work performed by the façade inspections done county owned buildings. Costs for façade evaluations are expected to be \$350,000 to \$400,000 annually based on inspections required by City ordinances. Necessary repairs needed based on inspection findings are difficult to estimate given the variety of building materials and their costs and the extent of the needed repair.</p> <p>Interior evaluations could be performed for a cost of roughly \$150,000 to \$200,000 annually assuming 120 buildings would be inspected once every 5 years. This level of analysis would be done using the expertise of the inspection unit with necessary repair work being the responsibility of the owner department.</p> <p><b><u>February 2012 Response:</u></b></p> <p><b>ORGANIZATIONAL CHANGES BEING IMPLEMENTED</b></p> <p>In the 2011 Adopted Budget, 5 skilled trade positions (Inspection Unit) were created in the DTPW Director's Office but not funded for Building Inspections. In the 2012 Adopted Budget these positions remain unfunded in the budget of the Director of the Department of Transportation (DOT). These positions will be reallocated to DAS-Facilities Management Division in 2013. Also in the 2012 Adopted Budget certain</p>



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							<p>significant organizational changes within DAS were approved that are currently being implemented. This involves filling newly created positions of the DAS-FM Director, the Director of the Sustainability Section of DAS-FM and the Manager of the Facilities Maintenance Section of DAS-FM as well as the existing position of Mechanical Services Manager. Some of these positions are in the process of recruitment and others are proceeding through the HR process. Filling of supervisory skilled trade positions now vacant due to retirements is also ongoing but finding qualified candidates is taking significantly more time than anticipated due to several factors including uncertainty of the County's fiscal status and labor relations and competition with the private sector.</p> <p>Anticipating that these leadership positions will be filled by mid-year, the department plans to further formalize the "Inspection Unit" concept that requires visiting all County facilities on an annual basis using a recently developed "Inspection Manual for Building Components and Other Structures". This was described in the 8/22/11 DTPW report and 8/30/12 Audit report to the County Board. These revisions may delay the implementation of this concept but a more centralized and efficient inspection program will result.</p> <p>On a related initiative, per the 2012 Adopted Budget, DAS-FM is in the process of negotiating a contract with consulting firm of CB Richard Ellis to deliver a Comprehensive Facilities Plan for County buildings.</p> <p>Reallocation of existing or additional fiscal resources may be required for further implementation in the 2013 budget .</p> <p>In the interim, DAS-FM is emphasizing to PM Units that they</p>

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							<p>need to be proactive in confirming that the buildings they are responsible for maintaining are in compliance. In January of each year, all PM Units will be required to submit to the Director of DAS-FM a copy of an inspection checklist that they completed for each appropriate building and/or structure for which they are responsible. A listing of buildings will be established with and for each PM Unit. A similar process will be established for all County buildings leased, operated and maintained by third parties.</p> <p><b>OUTCOME AND STATUS OF RECENT ASSESSMENTS AND INSPECTIONS OF COUNTY-OWNED INFRASTRUCTURE ASSETS</b></p> <p>The process of performing assessments and inspections is the first step in understanding the extent of building condition. From the inspection, a determination must be made regarding the severity of the structural condition and the immediacy of the repair. Therefore, in terms of establishing funding for assessments and inspections, the process must be broken down into three parts; building assessment and inspection, cost of repair and the timeframe for repair. This must be done for interior as well as exterior assessments.</p> <p><u>Building Inventory and Assessment Program (VFA)</u></p> <p>In 2010, DTPW requested and received funding of \$1.6 million in the adopted 2011 Capital Budget to assess the condition of all County facilities that had not yet been included in DTPW's existing Building Inventory and Assessment Program (VFA). \$1.2 million was provided from the UWM land sale revenue and \$400,000 was provided from various airport accounts for airport facilities. Building</p>

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							<p>assessment tasks at the airports are ongoing. All other assessments have been delayed due to a delay in receipt of the funding revenue from land sales.</p> <p><u>Annual Budget Allocation</u></p> <p>DAS-FM is proposing an Inspection Unit as identified above. This unit will inevitably refine the inspection and assessment process over time producing better cost estimating for such services. In the mean time, establishing a cost base line for cyclical assessments and inspections will be based on recent work performed by the façade inspections done county owned buildings. Costs for façade evaluations are expected to be \$350,000 to \$400,000 annually based on inspections required by City ordinances. Necessary repairs needed based on inspection findings are difficult to estimate given the variety of building materials and their costs and the extent of the needed repair.</p> <p>Interior evaluations could be performed for a cost of roughly \$150,000 to \$200,000 annually assuming 120 buildings would be inspected once every 5 years. This level of analysis would be done using the expertise of the inspection unit with necessary repair work being the responsibility of the owner department.</p> <p><b><u>November 2012 Response</u></b></p> <p>See Item #1</p>

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3. Draft a framework for consolidating all property management functions within DTPW to ensure focused, streamlined building management in a manner that ensures the safety of the public and County employees.		X			No	Yes	<p><b><u>August 2011 Response:</u></b> DTPW agrees that consolidation of all county owned property should be under one property management function as proposed both by an earlier audit report as well as a previous budget request. A stand-alone Department could be created to ensure building management is streamlined and that maintenance of county owned property is prioritized in an unbiased manner with safety as the priority.</p> <p>Dept. of Audit Comment: We reiterate our recommendation that a framework be drafted which consolidates all property management functions Countywide within DTPW to provide the benefits noted in our report.</p> <p><b><u>February 2012 Response:</u></b>  DAS agrees that consolidation of all county owned property should be under one property management function as proposed both by an earlier audit report as well as a previous budget request. As out-lined in the 2012 Adopted Budget and in subsequent informational reports to the County Board, DAS-FM has been created to ensure building management is streamlined and that maintenance of county owned property is prioritized in an unbiased manner with safety as the priority. The adopted budget action creating DAS-FM is the first step in consolidating all property management functions Countywide within DAS to provide the benefits noted in the 2010 Audit report. Subsequent budget initiatives to further consolidate all property management functions Countywide under DAS-FM are anticipated in 2013.</p>

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							<p>On a related initiative, per the 2012 Adopted Budget, DAS-FM is in the process of negotiating a contract with consulting firm of CB Richard Ellis to deliver a Comprehensive Facilities Plan for County buildings and properties. This plan will provide a strategy, timeline and cost estimates to implement the Milwaukee County property management strategic plan.</p> <p><b><u>November 2012 Response</u></b>  The CB Richard Ellis report will be finalized in December of 2012. Facilities Management will then begin the process of assessing the next steps for facility consolidation countywide. This assessment will begin in January of 2013.</p> <p><b><u>February 2013 Response</u></b>  Develop comprehensive strategies for Centralized Facility Management based on <a href="#">Approved CBRE Report</a>.</p>
4. Establish a protocol that ensures that data concerning repair and maintenance work completed to address identified deficiencies are input into VFA, and that completed work be archived as appropriate.		X			No	Yes	<p><b><u>August 2011 Response:</u></b>  For many of the public works capital budget projects, DTPW is already working on inputting data concerning repair and maintenance work completed to address identified deficiencies into VFA, and that completed work be archived as appropriate. For most other public works projects performed for the Owner departments by T&amp;M contractors or by county staff, DTPW still needs to coordinate with the Owner Departments to make the data available to DTPW.</p> <p>DTPW staff is working with all PM Units to develop a process and procedure that ensures data concerning repair and maintenance work completed to address identified deficiencies are input into VFA, and that data on the completed work is archived as appropriate. This will include access and training on the appropriate property management software.</p>

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							<p><b><u>February 2012 Response:</u></b></p> <p>For many of the public works capital budget projects, DAS-FM staff is already working on inputting data concerning repair and maintenance work completed to address identified deficiencies into VFA, and that completed work be archived as appropriate. For most other public works projects performed for the Owner departments by T&amp;M contractors or by county staff, DAS-FM still needs to coordinate with the Owner Departments to make the data available to DAS-FM.</p> <p>DAS-FM staff is working with all PM Units to develop a process and procedure that ensures data concerning repair and maintenance work completed to address identified deficiencies are input into VFA, and that data on the completed work is archived as appropriate. This will include access and training on the appropriate property management software.</p> <p><b><u>November 2012 Response</u></b></p> <p>Protocols will be established upon hiring of the Facilities Assessment Team. The Team will work with all PM Units as discussed in the February 2012 response.</p> <p><b><u>February 2013 Response</u></b></p> <p>See (attachment A-1&amp;2) Facility Assessment Status Report, and 2013 Schedule</p>
5. Ensure that assessment results are discussed with PM units prior to entering the data into VFA. If disagreement exists, establish a procedure for arbitrating the		X			No	Yes	<p><b><u>August 2011 Response:</u></b></p> <p>DTPW staff has put in place a review process allowing for adequate opportunities for PM Unit staff to review and comment on the data collected. A challenge to this process</p>

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disagreement, and for subsequently identifying such deficiencies within VFA.							<p>is the lack of staff and resources for the Owner department to allocate time for those with the expertise necessary. A procedure for arbitrating any disagreement between DTPW and the PM Units will be developed that allows subsequent identifying such deficiencies within VFA.</p> <p><b><u>February 2012 Response:</u></b>  DAS-FM staff has put in place a review process allowing for adequate opportunities for PM Unit staff to review and comment on the data collected. A challenge to this process is the lack of staff and resources for the Owner department to allocate time for those with the expertise necessary. A procedure for arbitrating any disagreement between DAS-FM and the PM Units will be developed that allows subsequent consensus in identifying building system inventory, condition and deficiencies within the VFA program.</p> <p><b><u>November 2012 Response</u></b>  Protocols will be established upon hiring of the Facilities Assessment Team. The Team will work with all PM Units as discussed in the February 2012 response.</p> <p><b><u>February 2013 Response</u></b>  See (attachment A-3) Memo regarding Assessment Review Process dated 2002. This process is currently as in the past years followed by our consultants and staff.</p>
6. Require PM units to review all open deficiencies and update VFA to reflect their proper status, with emphasis directed toward Priority 1, Life Safety deficiencies initially.		X			No	Yes	<p><b><u>August 2011 Response:</u></b>  As a part of the DTPW Director mandated county-wide annual building inspection program being worked on by DTPW staff, the PM Units will be required to document their review of the VFA data.</p>

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							<p>DTPW staff will work with all PM Units and DAS fiscal and budget staff to develop a process and procedure that requires PM Units to review all open deficiencies and update VFA to reflect their proper status, with emphasis directed toward budgeting in the operating or capital budget to address Priority 1, Life Safety deficiencies initially. Requested budget submittals will require back up documentation from the VFA database. This will process and procedure will include access and training on the appropriate property management software.</p> <p>A challenge to this process is the lack of staff and resources for the PM Unit to allocate time for those with the expertise necessary.</p> <p>Dept. of Audit Comment: Our recommendation was intended to confirm whether the open deficiency status noted in VFA was current and accurate, with attention focused first on Priority 1, Life Safety deficiencies. Once the status was confirmed, then the response by DTPW to budget for repair costs is an appropriate natural extension of its corrective action.</p> <p>Until then, neither DAS involvement nor limitations with staff's knowledge of VFA functions should restrict PM units' ability to follow up on confirming the status of deficiencies noted as open in VFA as soon as practical.</p> <p><b><u>February 2012 Response:</u></b></p> <p>As a part of the DAS-FM Director mandated county-wide annual building inspection program being worked on by DAS_FM staff, the PM Units will be required to document</p>



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							<p>their review of the VFA data.</p> <p>DAS-FM staff will work with all PM Units and DAS fiscal and budget staff to develop a process and procedure that requires PM Units to review all open deficiencies and update VFA to reflect their proper status, with emphasis directed toward budgeting in the operating or capital budget to address Priority 1, Life Safety deficiencies initially. Requested budget submittals will require back up documentation from the VFA database. This process and procedure will include access and training on the appropriate property management software.</p> <p>A challenge to this process is the lack of staff and resources for the PM Unit to allocate time for those with the expertise necessary.</p> <p>It is not DAS involvement and/or limitations with staff's knowledge of VFA functions but lack of staff and resources for the PM Unit to allocate time for those with the expertise necessary that restricts PM units' ability to follow up on confirming the status of deficiencies noted as open in VFA as soon as they should.</p> <p><b>November 2012 Response</b>  Upon hiring of the Facilities Assessment team and review of the CBRE report, DAS-FM will work with DAS fiscal and budget staff regarding Priority 1, life Safety deficiencies. Some of these Priority 1 projects will be addressed in the 2013 capital improvement program.</p> <p>In the meantime, the Facilities Assessment Coordinator is working routinely with departments' PM units to determine</p>

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							which Priority 1 and other life/safety projects have been completed. Information provided by the departments is then entered directly into the VFA by the Facilities Assessment Coordinator. <b>February 2013 Response</b> <a href="#">See (attachment A- 1) Facility Assessment Status Report.</a>
7. Develop a strategy and timetable for using existing systems in the County, and/or other available systems, to achieve a comprehensive property management system to become fully operational for preparation of the 2013 County Budget.		X			No	Y Yes	<b>August 2011 Response:</b> Based on existing County Ordinance Section 56.20, DTPW staff is developing a DTPW Director mandated county-wide annual building inspection program for “maintaining structural integrity of all capital improvements and routine major maintenance.” In the 2011 Adopted Budget 5 skilled trade positions were created but not funded for Building Inspections. Additionally, in 2010 consultants hired by DTPW found approximately \$2.9 million in repairs that were needed in 2011 for the buildings that were inspected in 2010. The money that was earmarked to make those repairs came from the UWM Land Sales. When the land sales were deferred, funding was lost to make the repairs in 2011. In February of 2011 and again in April reports were sent to the County Board highlighting these issues. The County will need to plan for funding in 2012 to make these repairs and fund the inspection team positions. Once the DTPW inspection team has been assembled, they will be visiting all County facilities on an annual basis using a recently developed “Inspection Manual for Building Components and Other Structures”. Inspection reports will be generated and submitted to the PM Units with the directive to implement any repair or removal of imminent threat to employee or public safety. If, upon revisiting the facilities, the directed repair or removal of imminent threats has not been completed, a report to the County Board will be generated.

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Number & Recommendation	Deadlines Established		Deadlines Achieved		Implementation Status		Comments
	Yes	No	Yes	No	Completed	Further Action Required	
							<p>A challenge to this process is the lack of staff and resources for the PM Units to allocate time for those with the expertise necessary.</p> <p>While some existing systems may be appropriate for certain activities, newer systems may be available that create a single source for warehousing data, estimating costs, track progress and generating reports for multiple users. Therefore, DPTW staff will perform an analysis of the current county data systems, along with the possible integration of new systems including enterprise GIS, to provide a streamlined approach to building condition and assessment management.</p> <p><b><u>February 2012 Response:</u></b> Based on existing County Ordinance Section 56.20, DAS-FM staff is developing a DAS Director mandated county-wide annual building inspection program for “maintaining structural integrity of all capital improvements and routine major maintenance.” In the 2011 Adopted Budget 5 skilled trade positions were created but not funded for Building Inspections. Additionally, in 2010 consultants hired by DTPW found approximately \$2.9 million in repairs that were needed in 2011 for the buildings that were inspected in 2010. The money that was earmarked to make those repairs came from the UWM Land Sales. When the land sales were deferred, funding was lost to make the repairs in 2011. In February of 2011 and again in April reports were sent to the County Board highlighting these issues.</p> <p>In September, 2011 a fund transfer from DAS-Fiscal was approved by the County Board to provide \$1,015,441 in sales tax proceeds to complete façade repairs on buildings</p>

## STATUS OF IMPLEMENTING DEPARTMENT OF AUDIT REPORT RECOMMENDATIONS

**Audit Title:** Milwaukee County Needs to Commit to a Preventive Maintenance Program to Ensure Public Safety

**File no. of Audit Rpt:** 10-389

**Audit Date:** October 2010

**Status Report Date:** February 2013

**Department:** Transportation & Public Works

Number & Recommendation	Deadlines Established		Deadlines Achieved		Implementation Status		Comments
	Yes	No	Yes	No	Completed	Further Action Required	
							<p>in 9 different Count Departments. On 9/29/2011, the DTPW Director sent a letter to the impacted department heads and their appropriate staff with a description, budget and timeline for completing these repairs. These repairs are currently ongoing</p> <p>DAS-FM is anticipating a fund transfer in 2012 to provide the remaining funding required to assess the condition of all County buildings that have not yet been included in the VFA Building Inventory and Assessment database.</p> <p>DAS agrees that consolidation of all county owned property should be under one property management function as proposed both by an earlier audit report as well as a previous budget request. As out-lined in the 2012 Adopted Budget and in subsequent informational reports to the County Board, DAS-FM has been created to ensure building management is streamlined and that maintenance of county owned property is prioritized in an unbiased manner with safety as the priority. The adopted budget action creating DAS-FM is the first step in consolidating all property management functions Countywide within DAS to provide the benefits noted in the 2010 Audit report. Subsequent budget initiatives to further consolidate all property management functions Countywide under DAS-FM are anticipated in 2013.</p> <p>On a related initiative, per the 2012 Adopted Budget, DAS-FM is in the process of negotiating a contract with consulting firm of CB Richard Ellis to deliver a Comprehensive Facilities Plan for County buildings and properties. This plan will provide a strategy, timeline and cost estimates to implement the Milwaukee County property management strategic plan</p>

## STATUS OF IMPLEMENTING DEPARTMENT OF AUDIT REPORT RECOMMENDATIONS

**Audit Title:** Milwaukee County Needs to Commit to a Preventive Maintenance Program to Ensure Public Safety

**File no. of Audit Rpt:** 10-389

**Audit Date:** October 2010

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**Department:** Transportation & Public Works

Number & Recommendation	Deadlines Established		Deadlines Achieved		Implementation Status		Comments
	Yes	No	Yes	No	Completed	Further Action Required	
							<p>Once the DAS-FM inspection team has been assembled, they will be visiting all County facilities on an annual basis using a recently developed "Inspection Manual for Building Components and Other Structures". Inspection reports will be generated and submitted to the PM Units with the directive to implement any repair or removal of imminent threat to employee or public safety. If, upon revisiting the facilities, the directed repair or removal of imminent threats has not been completed, a report to the County Board will be generated.</p> <p>A challenge to this process is the lack of staff and resources for the PM Units to allocate time for those with the expertise necessary.</p> <p>While some existing systems may be appropriate for certain activities, newer systems may be available that create a single source for warehousing data, estimating costs, track progress and generating reports for multiple users. Therefore, DAS-FM staff will perform an analysis of the current county data systems, along with the possible integration of new systems including enterprise GIS, to provide a streamlined approach to building condition and assessment management.</p> <p><b><u>November 2012 Response</u></b>  Due to the limited resources available in the early part of 2012 and the expected December completion of the CB Richard Ellis comprehensive facilities plan, a comprehensive property management system will not become fully operational until 2013.</p> <p><b><u>February 2013 Response</u></b></p>

## STATUS OF IMPLEMENTING DEPARTMENT OF AUDIT REPORT RECOMMENDATIONS

**Audit Title:** Milwaukee County Needs to Commit to a Preventive Maintenance Program to Ensure Public Safety

**File no. of Audit Rpt:** 10-389

**Audit Date:** October 2010

**Status Report Date:** February 2013

**Department:** Transportation & Public Works

Number & Recommendation	Deadlines Established		Deadlines Achieved		Implementation Status		Comments
	Yes	No	Yes	No	Completed	Further Action Required	
							The VFA database is the means to maintain an accurate inventory of Milwaukee County Property and Buildings. In addition, the database maintains detailed descriptions of building systems and the condition of those systems. The database can link to most maintenance systems. However, the wide variety of existing maintenance systems currently utilized throughout the County is the issue requiring resolution. Centralizing building maintenance functions and standardizing maintenance tracking would address this issue. See Item 3.



# **PROPERTY MANAGEMENT INSPECTION MANUAL FOR BUILDING & STRUCTURES**

**Milwaukee County Department of  
Administrative Services – Facility  
Management Division**

**DAS – Facility Management Division  
2013 Facility Assessment Program Planning Schedule**

(Attach A-2)

<b>Program Task Description</b>	<b>Required Action and Status</b>
<p><b><u>January</u></b></p> <ul style="list-style-type: none"> <li>• Develop Facility Assessment Team Position Descriptions and submit to Human Resources.</li> <li>• Finalize VFA's contract to Assess the condition of CATC and Childrens Court Center.</li> </ul> <p><b><u>April</u></b></p> <ul style="list-style-type: none"> <li>• Review VFA's Draft Assessment Report on CATC and Childrens Court Center.</li> <li>• Review Final Assessment Report on CATC and Childrens Court Center.</li> </ul> <p><b><u>May</u></b></p> <ul style="list-style-type: none"> <li>• Interview and select Assessment Team Candidates.</li> </ul> <p><b><u>June</u></b></p> <ul style="list-style-type: none"> <li>• Formulate Assessment Team members specific duties and Responsibilities</li> <li>• Develop Scope of Work to Re-assess the condition of the Courthouse Complex.</li> </ul> <p><b><u>July</u></b></p> <ul style="list-style-type: none"> <li>• Prepare Courthouse Complex Facility Assessment contract with VFA.</li> </ul> <p><b><u>August</u></b></p> <ul style="list-style-type: none"> <li>• Review Courthouse Complex Assessment Draft Report for each building.</li> </ul>	<ul style="list-style-type: none"> <li>- Complete</li> <li>- Contract Approved on 01/23/13, Inspections scheduled for mid-March.</li> <li>- Review with FM Units and provide VFA review comments and recommendations.</li> <li>- Approve Final Report and process VFA's contract close-out.</li> <li>- Review with Facility Management and coordinate 5 year action plan.</li> <li>- Review and discuss Annual Inspection Policy and Procedures with Assessment Team and organize inspection requirements for each member</li> <li>- Prepare a request for proposal with VFA to assess the Courthouse Complex with FM's Assessment Team.</li> <li>- Implement process for contract approval and develop project schedule with VFA and FM Assessment Team.</li> <li>- Review draft reports with FM Unit and Assessment Team. Coordinate with VFA.</li> </ul>



Program Task Description	Required Action and Status
<p><b><u>September</u></b></p> <ul style="list-style-type: none"> <li>• Review Final Courthouse Complex Assessment Report.</li> </ul> <ul style="list-style-type: none"> <li>• Re-assess the condition of Historical Society Facility</li> </ul> <p><b><u>Oct. – Dec.</u></b></p> <ul style="list-style-type: none"> <li>• Re-assess MCTS Facilities.</li> </ul>	<ul style="list-style-type: none"> <li>- Approve final report and implement process to close-out VFA's contract.</li> <li>- Review existing/new deficiencies with Facility Management and coordinate 5 year action Plan.</li> </ul> <ul style="list-style-type: none"> <li>- Schedule Inspection with FM Unit and Assessment Team.</li> <li>- Oversee status update of existing deficiencies, and data entry of new deficiencies.</li> <li>- Review closed deficiency report and existing/new deficiencies with Facility Manager and coordinate 5 year action plan.</li> </ul> <ul style="list-style-type: none"> <li>- Gather facility drawings for each complex and and all project data from past 7 years.</li> <li>- Schedule inspections with Facility Manager and Assessment Team for each complex.</li> </ul>

**COUNTY OF MILWAUKEE**

**INTER-OFFICE COMMUNICATION**

(Attach A-3)

**DATE:** November 6, 2002  
**TO:** Greg High, Director A&EES  
**FROM:** Michael J. Zylka, Support Services Manager  
**SUBJECT:** VFA Property Assessment Draft Report Review Process

The following process will be followed for the review of all VFA Property Assessment Draft Reports.

Upon receiving the VFA draft assessment reports DPW Support Services will submit the draft reports to the following offices and individuals for review and comment:

<b>Client Department</b>	<b>General Review</b>
<b>DPW Walter Wilson</b>	<b>Review Architectural</b>
<b>DPW Steve Dragosz</b>	<b>Review Electrical</b>
<b>DPW William Robedeau</b>	<b>Review Mechanical</b>

**VFA will be requested to conduct a review meeting (2) weeks after submitting the draft reports, to address all review Comments and Recommendations.(Accomplished on Line with VFA)**

Note, Upon completion of the assessment analysis Environmental Services will receive a summary of potential hazardous materials that may exist in each building.

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## MANAGING ARCHITECT

We are proud to be an EEO/AA employer *MIFIDN*. We maintain a drug-free workplace and perform pre-employment substance abuse testing.

All names will be removed from eligible lists one (1) year after eligibility is expired.

## MINIMUM QUALIFICATIONS

**EDUCATION:** Graduation from high school or a high school equivalency diploma is required. A Bachelor's degree in architecture from an accredited college or university is preferred.

**EXPERIENCE:** Three (3) years of experience as a registered architect, including one year of supervisory experience is required.

**LICENSES/CERTIFICATIONS:** Registration as an architect in the State of Wisconsin is required. Possession of a Class D driver's license at the time of application and maintained during incumbency is required.

**KNOWLEDGE, SKILLS AND ABILITIES:** Thorough knowledge of the theories, practices, and methods used in public architecture; thorough knowledge of building materials, their uses and compatibilities; general knowledge of structural, plumbing, HVAC and electrical systems design; knowledge of building construction methods and procedures; knowledge of the methods and practices of AutoCAD 13 to develop architectural drawings and plans, including standard symbols and conventions; knowledge of federal, state and local building codes; ability to develop cost estimates for repair and replacement of building equipment and systems; ability to analyze difficult problems and recommend practical and cost effective solutions; ability to prepare analytical reports on complex building related problems; ability to supervise and coordinate staff and consultants; ability to communicate effectively through both oral and written means; ability to address committees and boards, and ability to work effectively and harmoniously with public officials, county staff, contractors, consultants.

**PURPOSE OF POSITION:** Assist in managing Milwaukee County's Property Condition Assessment Program by developing and maintaining current building condition assessment data on all Milwaukee County properties and facilities.

**DUTIES:** Under general direction, to assist the Property Assessment Coordinator conduct facility assessments of Milwaukee County properties; provide supervision of staff and coordination of outside consultants in conducting facility condition assessments consisting of a review of all available facility documentation to determine the original building occupancy design, past capital improvement modifications, status of past study/assessment recommendations, and function of existing building equipment and systems. Conduct facility management staff interviews to obtain a better understanding of the building's present and future function, and to identify known code compliance and physical defects. Conduct a facility inspection to produce an accurate condition assessment that identifies code compliance and all visible and discernable defects of all building systems that require maintenance, repair, and/or replacement. Conduct review meetings with facility management staff

to clarify deficiencies, and recommended actions. Implement and supervise the facility assessment data entry, consisting of deficiencies and recommended improvement actions with cost estimates for repair and/or replacement of defective building components, equipment and systems, and to perform other duties as may be assigned.

THE EXAMINATION is open to qualified residents of the State of Wisconsin. Appointee must establish residency in Milwaukee County within six (6) months of appointment and maintain such residency during incumbency.

AN ON LINE APPLICATION, may be filed, COMPLETELY FILLED IN at [www.jobs.milwaukeecounty.org](http://www.jobs.milwaukeecounty.org), by 11:59 p.m. on 2013.

APPLICANTS MUST POSSESS MINIMUM QUALIFICATIONS AT TIME OF FILING APPLICATION.

Candidates will be asked to submit a full account of their training and experience and to report for a written test, performance test and/or oral interview, if deemed necessary, at a time and place to be set by the Division of Human Resources.

Milwaukee County provides a competitive benefits package

Effective October 1, 1998, background checks must be conducted of all individuals appointed to positions covered by Wisconsin Act 27 of the laws of 1997 and Wisconsin State Statute 50.065. This requirement impacts all positions authorized in the Milwaukee County Department of Human Services, Behavioral Health Division as well as other positions in Community Service.

In accordance with the provisions of a Federal Court Order, #74-C-374 issued by U.S. District Judge Myron L. Gordon, racial hiring based on race may be used in selecting qualified employees for this classification. PR25 Org Unit: 1190 SPM

## **ELECTRICAL MECHANIC**

We are proud to be an EEO/AA employer *MIFIDN*. We maintain a drug-free workplace and perform pre-employment substance abuse testing.

All names will be removed from eligible lists one (1) year after eligibility is expired.

### **MINIMUM QUALIFICATIONS**

**EDUCATION:** Graduation from high school or G.E.D . equivalent is required . Completion of an Electrician Apprenticeship recognized by the Wisconsin Department of Industry, Labor and Human Relations or Bureau of Apprenticeship and Training, United States Department of labor is required.

**EXPERIENCE:** Five (5) years of experience as a journeymen electrician required.

**LICENSES/CERTIFICATIONS:** Possession of a valid Wisconsin driver's license required at time of application and maintained during incumbency. Possession of a Master Electrician' Certificate from the State of Wisconsin desirable.

**KNOWLEDGE, SKILLS AND ABILITIES:** Knowledge of the standard practices, materials, and processes of the trade; knowledge of power systems and application of electrical theory, principles, procedures, and materials as applied to high voltage systems; knowledge of high voltage sub-stations; knowledge of electronic and solid state circuitry; knowledge of local and national codes and safety requirements; knowledge of instruments used to determine problems in phases of electrical and/or electronic systems; skill in the operation of high voltage testing equipment; skill in the use of tools of the craft; skill in the installation and repair of special and unusual electrical instruments and/or equipment; ability to read, interpret, and analyze blueprints, sketches, specifications, and diagrams of electrical installations; ability to develop cost estimates for the repair and replacement of electrical equipment and systems; ability to confer with utility company personnel regarding the electrical work of the department; ability to work at heights and in contained areas; ability to operate a personal computer and related software programs; and ability to take oral instructions and work effectively and harmoniously with others.

**PURPOSE OF POSITION:** Assist in managing Milwaukee County's Property Condition Assessment Program by developing and maintaining current electrical condition assessment data on all Milwaukee County properties and facilities.

**DUTIES:** Under general supervision; Conduct electrical facility assessments of Milwaukee County properties; consisting of a review of all available facility documentation to determine the original building occupancy electrical design, past capital improvement modifications, status of past study/assessment recommendations, and function of existing electrical equipment and systems. Conduct facility management staff interviews to obtain a better understanding of the building's present and future function, and to identify known code compliance and physical defects. Conduct a facility inspection including equipment testing as required to produce an accurate condition assessment that identifies code compliance and all visible and discernable defects of all electrical components/elements, and equipment of the electrical system requiring maintenance, repair, and/or replacement. At the conclusion of the facility inspection conduct a review meeting with facility management staff to clarify electrical deficiencies and

recommended actions. Enter into the Facility Assessment Database prioritized deficiencies and recommended improvement actions with cost estimates for repair and/or replacement of the defective electrical components, equipment and system, and to perform such other duties as may be assigned

THE EXAMINATION is open to qualified residents of the State of Wisconsin. Appointee must establish residency in Milwaukee County within six (6) months of appointment and maintain such residency during incumbency.

AN ON LINE APPLICATION, may be filed, COMPLETELY FILLED IN at [www.jobs.milwaukeecounty.org](http://www.jobs.milwaukeecounty.org), by 11:59 p.m. on 2013.

APPLICANTS MUST POSSESS MINIMUM QUALIFICATIONS AT TIME OF FILING APPLICATION .

Candidates will be asked to submit a full account of their training and experience and to report for a written test, performance test and/or oral interview, if deemed necessary , at a time and place to be set by the Division of Human Resources .

Milwaukee County provides a competitive benefits package

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In accordance with the provisions of a Federal Court Order, #74-C-374 issued by U.S. District Judge Myron L. Gordon, ratio hiring based on race may be used in selecting qualified employees for this classification. PR25 Org Unit: 1190 SPM



## **Heating MECHANIC**

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All names will be removed from eligible lists one (1) year after eligibility is expired.

### **MINIMUM QUALIFICATIONS**

**EDUCATION:** Graduation from high school or G.E.D . equivalent is required . Completion of an air conditioning and refrigeration or steamfitting apprenticeship recognized by the Wisconsin Department of Industry, Labor and Human Relations or Bureau of Apprenticeship and Training, United States Department of labor is required.

**EXPERIENCE:** Five (5) years of experience as a journeymen required. Supervisory experience preferred. **LICENSES/CERTIFICATIONS:** Possession of a valid Wisconsin driver's license required at time of application and maintained during incumbency. Possession of a journeyman license required

**KNOWLEDGE, SKILLS AND ABILITIES:** Knowledge of the standard practices, materials, and processes of the trade; skill in the operation of necessary power and hand tools of the trade; oral and written communication skills; supervisory ability; ability to plan and direct work; ability to read and analyze schematics and blueprint drawings; ability to prepare cost estimates to repair or replace building mechanical systems; ability to work at heights and in contained areas; ability to operate a personal computer and related software programs; and ability to take oral instructions and work effectively and harmoniously with others.

**PURPOSE OF POSITION:** Assist in managing Milwaukee County's Property Condition Assessment Program by developing and maintaining current mechanical building systems condition assessment data on all Milwaukee County properties and facilities.

**DUTIES:** Under general supervision; Conduct mechanical facility assessments of Milwaukee County properties; consisting of a review of all available facility documentation to determine the original building occupancy HVAC and Plumbing design, past capital improvement modifications, status of past study/assessment recommendations, and function of existing HVAC and Plumbing equipment and systems. Conduct facility management staff interviews to obtain a better understanding of the building's present and future function, and to identify known code compliance and physical defects. Conduct a facility inspection including equipment testing as required to produce an accurate condition assessment that identifies code compliance and all visible and discernable defects of all HVAC and Plumbing components/elements, and equipment requiring maintenance, repair, and/or replacement. At the conclusion of the facility inspection conduct a review meeting with facility management staff to clarify all mechanical building system deficiencies and recommended actions. Enter into the Facility Assessment Database prioritized deficiencies and recommended improvement actions with cost estimates for repair and/or replacement of the defective mechanical components, and equipment and, to perform such other duties as may be assigned

THE EXAMINATION is open to qualified residents of the State of Wisconsin. Appointee must establish residency in Milwaukee County within six (6) months of appointment and maintain such residency during incumbency.

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All names will be removed from eligible lists one (1) year after eligibility is expired.

### **MINIMUM QUALIFICATIONS**

**EDUCATION:** Graduation from high school or G.E.D . equivalent is required . Completion of an air conditioning and refrigeration or steamfitting or temperature control apprenticeship recognized by the Wisconsin Department of Industry, Labor and Human Relations or Bureau of Apprenticeship and Training, United States Department of labor is required.

**EXPERIENCE:** Five (5) years of experience as a journeymen required. Temperature Control experience preferred. **LICENSES/CERTIFICATIONS:** Possession of a valid Wisconsin driver's license required at time of application and maintained during incumbency. Possession of a journeyman license required.

**KNOWLEDGE, SKILLS AND ABILITIES:** Knowledge of the standard practices, materials, and processes of the trade; skill in the operation of necessary power and hand tools of the trade; skill in the operation of building automation systems; oral and written communication skills; ability to plan and direct work; ability to read and analyze schematics, blueprint drawings, and control drawings; ability to prepare cost estimates to repair or replace HVAC equipment and systems; ability to work at heights and in contained areas; ability to operate a personal computer and related software programs; and ability to take oral instructions and work effectively and harmoniously with others.

**PURPOSE OF POSITION:** Assist in managing Milwaukee County's Property Condition Assessment Program by developing and maintaining current mechanical building systems condition assessment data on all Milwaukee County properties and facilities.

**DUTIES:** Under general supervision; Conduct mechanical facility assessments of Milwaukee County properties; consisting of a review of all available facility documentation to determine the original building occupancy HVAC design, past capital improvement modifications, status of past study/assessment recommendations, and function of existing HVAC equipment and systems. Conduct facility management staff interviews to obtain a better understanding of the building's present and future function, and to identify known code compliance and physical defects. Conduct a facility inspection including equipment testing as required to produce an accurate condition assessment that identifies code compliance and all visible and discernable defects of all HVAC controls/components, and equipment requiring maintenance, repair, and/or replacement. At the conclusion of the facility inspection conduct a review meeting with facility management staff to clarify all mechanical building system deficiencies and recommended actions. Enter into the Facility Assessment Database prioritized deficiencies and recommended improvement actions with cost estimates for repair and/or replacement of the defective mechanical controls/components, and equipment and, to perform such other duties as may be assigned

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**COUNTY OF MILWAUKEE  
INTEROFFICE COMMUNICATION**

**DATE:** April 15, 2013

**TO:** Supervisor Marina Dimitrijevic, Chairwoman, County Board of Supervisors  
Supervisor Michael Mayo, Sr., Chairman, Transportation, Public Works and Transit Committee

**FROM:** Brian Dranzik, Director, Department of Transportation

**SUBJECT:** **EASEMENT BETWEEN THE UNITED STATES OF AMERICA AND MILWAUKEE COUNTY FOR AN ACCESS ROAD AT GENERAL MITCHELL INTERNATIONAL AIRPORT**

**POLICY**

Milwaukee County agreements executed thirty (30) days beyond the agreement effective date require approval from the Milwaukee County Board of Supervisors and agreements with terms longer than one year require approval from the Milwaukee County Board of Supervisors.

**BACKGROUND**

Milwaukee County executed an easement on December 27, 1962, with the Wisconsin State Armory Board for the construction of an access road at General Mitchell International Airport to be used in conjunction with the adjacent property acquired under authorization of the County Board of Supervisors on February 27, 1962. The easement was assigned to the United States of America effective January 10, 1963 and provides for the entrance road onto Wisconsin Air National Guard (WANG) property from Grange Avenue.

The easement was for a period of fifty (50) years commencing December 27, 1962, and ending December 26, 2012. Both parties were aware of the pending termination; however efforts were concentrated on finalizing the Airport Joint Use Agreement for the WANG's use of the airfield. Subsequently, airport staff was able to complete the renewal of the easement documentation.

The United States of America has now requested to enter into a renewal easement for another term of fifty (50) years effective December 27, 2012, and ending December 26, 2062.

**RECOMMENDATION**

Airport staff recommends that Milwaukee County enter into an easement with the United States of America for the land previously leased under Airport No. EA-216, inclusive of the following:

1. The term of the agreement shall be effective December 27, 2012, and end December 26, 2062.
2. The fee for the easement shall be \$1.00.



Chairwoman Marina Dimitrijevic  
Supervisor Michael Mayo, Sr.  
April 9, 2013  
Page 2

**FISCAL NOTE**

The airport will receive \$1.00 for the easement transaction.

Prepared by: Steven A. Wright, A.A.E. – Airport Properties Manager

Approved by:

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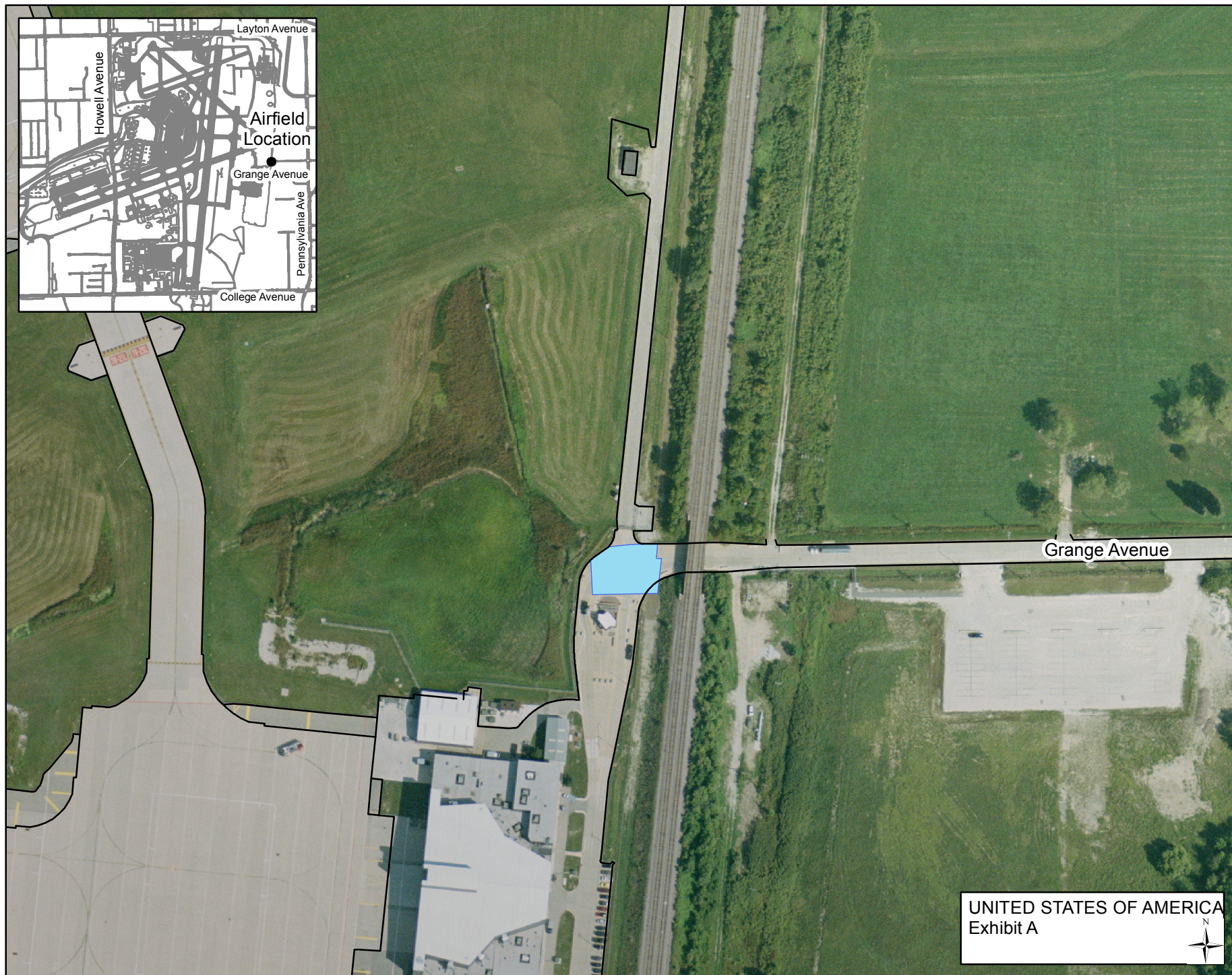
Brian Dranzik, Director  
Department of Transportation

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C. Barry Bateman  
Airport Director

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UNITED STATES OF AMERICA  
Exhibit A





(Item ) From the Director, Department of Transportation, requesting authorization to execute a renewal land lease agreement between Milwaukee County and The United States of America at General Mitchell International Airport by recommending adoption of the following:

### RESOLUTION

WHEREAS, Milwaukee County executed an easement on December 27, 1962, with the Wisconsin State Armory Board for the construction of an access road at General Mitchell International Airport to be used in conjunction with the adjacent property acquired under authorization of the County Board of Supervisors on February 27, 1962; and

WHEREAS, the easement was assigned to the United States of America effective January 10, 1963 and provides for the entrance road into Wisconsin Air National Guard (WANG) property from Grange Avenue; and

WHEREAS, the easement was for a period of fifty (50) years commencing December 27, 1962, and ending December 26, 2012; and

WHEREAS, both parties were aware of the pending termination; however efforts were concentrated on finalizing an Airport Joint Use Agreement for WANG's use of the airfield; and

WHEREAS, subsequently, airport staff was able to negotiate the renewal of the easement; and

WHEREAS, the United States of America has now requested to enter into a renewal easement for another term of fifty (50) years effective December 27, 2012, and ending December 26, 2062; and

WHEREAS, Airport staff recommends that Milwaukee County enter into an easement with the United States of America for the land previously leased under Airport No. EA-216, inclusive of the following:

1. The term of the agreement shall be effective December 27, 2012, and ending December 26, 2062
2. The fee for the easement shall be \$1.00; and

WHEREAS, the Transportation, Public Works and Transit Committee, at its

meeting on May 8, 2013, recommended approval (vote\_\_\_\_\_) that Milwaukee County enter into a renewal land lease agreement for a term of fifty (50) years commencing December 27, 2012, and ending December 26, 2062; now, therefore,

BE IT RESOLVED, that the Director, Department of Transportation, and the County Clerk are hereby authorized and directed to enter into a renewal land lease agreement for a term of fifty (50) years commencing December 27, 2012, and ending December 26, 2062.

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## MILWAUKEE COUNTY FISCAL NOTE FORM

**DATE:** 4/15/13

Original Fiscal Note ☒

Substitute Fiscal Note ☐

**SUBJECT: EASEMENT BETWEEN THE UNITED STATES OF AMERICA AND MILWAUKEE COUNTY FOR AN ACCESS ROAD AT GENERAL MITCHELL INTERNATIONAL AIRPORT**

**FISCAL EFFECT:**

- |   |  |
|---|--|
| <input checked="" type="checkbox"/> No Direct County Fiscal Impact<br><input type="checkbox"/> Existing Staff Time Required<br><input type="checkbox"/> Increase Operating Expenditures<br>(If checked, check one of two boxes below)<br><input type="checkbox"/> Absorbed Within Agency's Budget<br><input type="checkbox"/> Not Absorbed Within Agency's Budget<br><input type="checkbox"/> Decrease Operating Expenditures<br><input type="checkbox"/> Increase Operating Revenues<br><input type="checkbox"/> Decrease Operating Revenues | <input type="checkbox"/> Increase Capital Expenditures<br><input type="checkbox"/> Decrease Capital Expenditures<br><input type="checkbox"/> Increase Capital Revenues<br><input type="checkbox"/> Decrease Capital Revenues<br><input type="checkbox"/> Use of contingent funds |
|---|--|

*Indicate below the dollar change from budget for any submission that is projected to result in increased/decreased expenditures or revenues in the current year.*

	Expenditure or Revenue Category	Current Year	Subsequent Year
<b>Operating Budget</b>	Expenditure	0	0
	Revenue	\$1	0
	Net Cost	0	0
<b>Capital Improvement Budget</b>	Expenditure		
	Revenue		
	Net Cost		

## DESCRIPTION OF FISCAL EFFECT

In the space below, you must provide the following information. Attach additional pages if necessary.

- A. Briefly describe the nature of the action that is being requested or proposed, and the new or changed conditions that would occur if the request or proposal were adopted.
- B. State the direct costs, savings or anticipated revenues associated with the requested or proposed action in the current budget year and how those were calculated.<sup>1</sup> If annualized or subsequent year fiscal impacts are substantially different from current year impacts, then those shall be stated as well. In addition, cite any one-time costs associated with the action, the source of any new or additional revenues (e.g. State, Federal, user fee or private donation), the use of contingent funds, and/or the use of budgeted appropriations due to surpluses or change in purpose required to fund the requested action.
- C. Discuss the budgetary impacts associated with the proposed action in the current year. A statement that sufficient funds are budgeted should be justified with information regarding the amount of budgeted appropriations in the relevant account and whether that amount is sufficient to offset the cost of the requested action. If relevant, discussion of budgetary impacts in subsequent years also shall be discussed. Subsequent year fiscal impacts shall be noted for the entire period in which the requested or proposed action would be implemented when it is reasonable to do so (i.e. a five-year lease agreement shall specify the costs/savings for each of the five years in question). Otherwise, impacts associated with the existing and subsequent budget years should be cited.
- D. Describe any assumptions or interpretations that were utilized to provide the information on this form.

The airport will receive \$1.00 for the easement transaction.

Department/Prepared By Steven A. Wright, A.A.E. - Airport Properties Manager

Authorized Signature \_\_\_\_\_

Did DAS-Fiscal Staff Review? ☐ Yes ☒ No

Did CBDP Review?<sup>2</sup> ☐ Yes ☐ No ☒ Not Required

<sup>1</sup> If it is assumed that there is no fiscal impact associated with the requested action, then an explanatory statement that justifies that conclusion shall be provided. If precise impacts cannot be calculated, then an estimate or range should be provided.

<sup>2</sup> Community Business Development Partners' review is required on all professional service and public work construction contracts.

**COUNTY OF MILWAUKEE  
INTEROFFICE COMMUNICATION**

**DATE:** April 15, 2013

**TO:** Supervisor Marina Dimitrijevic, Chairwoman, County Board of Supervisors  
Supervisor Michael Mayo, Sr., Chairman, Transportation, Public Works and Transit Committee

**FROM:** Brian Dranzik, Director, Department of Transportation

**SUBJECT:** **AGREEMENT BETWEEN AMERICAN SALES AND MANAGEMENT ORGANIZATION, LLC AND MILWAUKEE COUNTY FOR THE LEASE OF AIR FREIGHT BUILDING SPACE AT GENERAL MITCHELL INTERNATIONAL AIRPORT**

**POLICY**

Milwaukee County agreements executed thirty (30) days beyond the agreement effective date require approval from the Milwaukee County Board of Supervisors and agreements with terms longer than one year require approval from the Milwaukee County Board of Supervisors.

**BACKGROUND**

Milwaukee County executed an agreement on December 10, 2010, with American Sales and Management Organization, LLC (hereinafter "ASMO") for the lease of approximately 2,442 square feet of air freight building space at General Mitchell International Airport to be used in conjunction with the ASMO's operation of third-party aircraft cleaning services for Delta Air Lines, Inc. (hereinafter "Delta"). The third-party contract between ASMO and Delta has a term of two (2) years effective July 1, 2012 and ends June 30, 2014. The agreement was for an initial term of one (1) year commencing October 1, 2010, and ending September 30, 2011. The agreement provided a right and option to renew for one additional term of one (1) year, establishing a final termination date of September 30, 2012.

Airport staff was aware of the pending termination, but was not able to establish communication with the appropriate representatives of ASMO until after the expiration of the agreement due to their reorganization. Subsequently, airport staff was able to negotiate a renewal of the agreement. ASMO continued to pay their lease payments during this time period.

ASMO has now requested to enter into a renewal agreement which would be co-terminus with its third-party service contract with Delta effective October 1, 2012, and ending June 30, 2014.

**RECOMMENDATION**

Airport staff recommends that Milwaukee County enter into a renewal lease with ASMO for the 2,442 square feet of air freight building space previously leased under Airport Agreement No. OL-2073, inclusive of the following:

1. The term of the agreement shall be co-terminus with ASMO's service contract with Delta Air Lines, Inc., effective October 1, 2012, and ending June 30, 2014.

2. Rental for the 2,442 square feet of air freight building space shall continue at a rate of \$10.00 per square foot per year.
3. The agreement shall contain the current standard insurance and environmental requirements for lease agreements for air freight building space at General Mitchell International Airport.

**FISCAL NOTE**

The entrance into a renewal agreement between Milwaukee County and American Sales and Management, LLC will have no fiscal impact upon the tax levy of Milwaukee County. Airport rental income will be \$24,420.00 per annum. All rental income is included in the current and future operating budget of the Airport.

Prepared by: Steven A. Wright, A.A.E. – Airport Properties Manager

Approved by:

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Brian Dranzik, Director  
Department of Transportation

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C. Barry Bateman  
Airport Director

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File No.  
Journal

(Item ) From the Director, Department of Transportation, requesting authorization to execute a renewal lease agreement between Milwaukee County and with American Sales and Management Organization, LLC at General Mitchell International Airport by recommending adoption of the following:

### RESOLUTION

WHEREAS, Milwaukee County executed an agreement on December 10, 2010, with American Sales and Management Organization, LLC (hereinafter "ASMO") for the lease of approximately 2,442 square feet of air freight building space at General Mitchell International Airport to be used in conjunction with the ASMO's operation of third-party aircraft cleaning services for Delta Air Lines, Inc. (hereinafter "Delta"); and

WHEREAS, the third-party contract between ASMO and Delta has a term of two (2) years effective July 1, 2012 and ends June 30, 2014; and

WHEREAS, The agreement was for an initial term of one (1) year commencing October 1, 2010, and ending September 30, 2011; and

WHEREAS, the agreement provided a right and option to renew for one additional term of one (1) year, establishing a final termination date of September 30, 2012; and

WHEREAS, Airport staff was aware of the pending termination, but was not able to establish communication with the appropriate representatives of ASMO until after the expiration of the agreement due to their reorganization; and

WHEREAS, subsequently, airport staff was able to negotiate a renewal of the agreement; and

WHEREAS, ASMO continued to pay their lease payments during this time period; and

WHEREAS, ASMO has now requested to enter into a renewal agreement co-terminus with its third-party service contract with Delta effective October 1, 2012, and ending June 30, 2014; and

WHEREAS, Airport staff recommends that Milwaukee County enter into a renewal lease with ASMO for the 2,442 square feet of air freight building space previously leased under

Airport Agreement No. OL-2073, inclusive of the following:

1. The term of the agreement shall be co-terminus with ASMO's service contract with Delta Air Lines, Inc., effective October 1, 2012, and ending June 30, 2014.
2. Rental for the 2,442 square feet of air freight building space shall continue at a rate of \$10.00 per square foot per year.
3. The agreement shall contain the current standard insurance and environmental requirements for lease agreements for air freight building space at General Mitchell International Airport.

WHEREAS, the Transportation, Public Works and Transit Committee, at its meeting on May 8, 2013, recommended approval (vote \_\_\_\_\_) that Milwaukee County enter into a renewal lease agreement with American Sales and Management Organization, LLC for a term that is co-terminus with its third-party service contract with Delta Air Lines, Inc. commencing October 1, 2012, and ending June 30, 2014.

BE IT RESOLVED, that the Director, Department of Transportation, and the County Clerk are hereby authorized and directed to enter into a renewal lease agreement with American Sales and Management Organization, LLC for a term that is co-terminus with its third-party service contract with Delta Air Lines, Inc. commencing October 1, 2012, and ending June 30, 2014.

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## MILWAUKEE COUNTY FISCAL NOTE FORM

**DATE:** 4/15/13

Original Fiscal Note ☒

Substitute Fiscal Note ☐

**SUBJECT: AGREEMENT BETWEEN AMERICAN SALES AND MANAGEMENT ORGANIZATION, LLC AND MILWAUKEE COUNTY FOR THE LEASE OF AIR FREIGHT BUILDING SPACE AT GENERAL MITCHELL INTERNATIONAL AIRPORT**

**FISCAL EFFECT:**

- |   |  |
|---|--|
| <input checked="" type="checkbox"/> No Direct County Fiscal Impact<br><input type="checkbox"/> Existing Staff Time Required<br><input type="checkbox"/> Increase Operating Expenditures<br>(If checked, check one of two boxes below)<br><input type="checkbox"/> Absorbed Within Agency's Budget<br><input type="checkbox"/> Not Absorbed Within Agency's Budget<br><input type="checkbox"/> Decrease Operating Expenditures<br><input type="checkbox"/> Increase Operating Revenues<br><input type="checkbox"/> Decrease Operating Revenues | <input type="checkbox"/> Increase Capital Expenditures<br><input type="checkbox"/> Decrease Capital Expenditures<br><input type="checkbox"/> Increase Capital Revenues<br><input type="checkbox"/> Decrease Capital Revenues<br><input type="checkbox"/> Use of contingent funds |
|---|--|

*Indicate below the dollar change from budget for any submission that is projected to result in increased/decreased expenditures or revenues in the current year.*

	Expenditure or Revenue Category	Current Year	Subsequent Year
<b>Operating Budget</b>	Expenditure	0	0
	Revenue	24,420	24,420
	Net Cost	0	0
<b>Capital Improvement Budget</b>	Expenditure		
	Revenue		
	Net Cost		

## DESCRIPTION OF FISCAL EFFECT

In the space below, you must provide the following information. Attach additional pages if necessary.

- A. Briefly describe the nature of the action that is being requested or proposed, and the new or changed conditions that would occur if the request or proposal were adopted.
- B. State the direct costs, savings or anticipated revenues associated with the requested or proposed action in the current budget year and how those were calculated.<sup>1</sup> If annualized or subsequent year fiscal impacts are substantially different from current year impacts, then those shall be stated as well. In addition, cite any one-time costs associated with the action, the source of any new or additional revenues (e.g. State, Federal, user fee or private donation), the use of contingent funds, and/or the use of budgeted appropriations due to surpluses or change in purpose required to fund the requested action.
- C. Discuss the budgetary impacts associated with the proposed action in the current year. A statement that sufficient funds are budgeted should be justified with information regarding the amount of budgeted appropriations in the relevant account and whether that amount is sufficient to offset the cost of the requested action. If relevant, discussion of budgetary impacts in subsequent years also shall be discussed. Subsequent year fiscal impacts shall be noted for the entire period in which the requested or proposed action would be implemented when it is reasonable to do so (i.e. a five-year lease agreement shall specify the costs/savings for each of the five years in question). Otherwise, impacts associated with the existing and subsequent budget years should be cited.
- D. Describe any assumptions or interpretations that were utilized to provide the information on this form.

The entrance into a renewal agreement between Milwaukee County and American Sales and Management, LLC will have no fiscal impact upon the tax levy of Milwaukee County. Airport rental income will be \$24,420.00 per annum and shall be adjusted annually. All rental income is included in the current and future operating budget of the Airport.

Department/Prepared By Steven A. Wright, A.A.E. - Airport Properties Manager

Authorized Signature \_\_\_\_\_

Did DAS-Fiscal Staff Review? ☐ Yes ☒ No

Did CBDP Review?<sup>2</sup> ☐ Yes ☐ No ☒ Not Required

<sup>1</sup> If it is assumed that there is no fiscal impact associated with the requested action, then an explanatory statement that justifies that conclusion shall be provided. If precise impacts cannot be calculated, then an estimate or range should be provided.

<sup>2</sup> Community Business Development Partners' review is required on all professional service and public work construction contracts.

**COUNTY OF MILWAUKEE  
INTEROFFICE COMMUNICATION**

**DATE:** April 15, 2013

**TO:** Supervisor Marina Dimitrijevic, Chairwoman, County Board of Supervisors  
Supervisor Michael Mayo, Sr., Chairman, Transportation, Public Works and Transit Committee

**FROM:** Brian Dranzik, Director, Department of Transportation

**SUBJECT:** **AGREEMENT BETWEEN LINDER LOGISTICS, LLC AND MILWAUKEE COUNTY  
FOR THE LEASE OF LAND AT GENERAL MITCHELL INTERNATIONAL AIRPORT**

**POLICY**

Milwaukee County agreements executed beyond thirty (30) days of the agreement effective date require approval from the Milwaukee County Board of Supervisors and agreements with terms longer than one year require approval from the Milwaukee County Board of Supervisors.

**BACKGROUND**

Milwaukee County executed an agreement on May 22, 2002, with Lindner Logistics, LLC for the lease of approximately 11,205 square feet of land used for the sole purpose of constructing a truck turnaround for access to the north doors of a warehouse located on the property of Linder Logistics adjacent to General Mitchell International Airport. The term of the agreement was for an initial term of five (5) years commencing February 1, 2002, and ending January 31, 2007. The agreement provided a right and option to renew for one (1) additional term of five (5) years from and after February 1, 2007, establishing a final termination date of January 31, 2012.

Near the end of the option period, airport staff entered into discussions with Linder Logistics regarding the possible sale of the leased land designated for a truck turnaround from Milwaukee County to Linder Logistics, LLC. The land sale has yet to be finalized; therefore, it is necessary to maintain an agreement between Milwaukee County and Linder Logistics for the lease of approximately 11,205 square feet of land used for the sole purpose of maintaining a truck turnaround for access to the north doors of a warehouse located on the property of Linder Logistics.

**RECOMMENDATION**

Airport staff recommends that Milwaukee County enter into a renewal lease with Linder Logistics for the 11,205 square feet of land previously leased under Airport Agreement No. XS-1340, inclusive of the following:

1. The term of the agreement shall be for five (5) years, effective February 1, 2012, with the option to renew the agreement for one (1) additional five (5) year term.
2. The rental rate for the 11,205 square feet of land shall be adjusted to \$.3133 per annum. The rental shall be adjusted annually in accordance with the Consumer Pricing Index.

3. The agreement shall contain the current standard insurance and environmental requirements for land lease agreements at General Mitchell International Airport.

**FISCAL NOTE**

The entrance into a renewal agreement between Milwaukee County and Linder Logistics, LLC will have no fiscal impact upon the tax levy of Milwaukee County. Airport rental income will be \$3,510.53 per annum and shall be adjusted annually in accordance with the Consumer Pricing Index. All rental income is included in the current and future operating budget of the Airport.

Prepared by: Steven A. Wright, A.A.E. – Airport Properties Manager

Approved by:

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Brian Dranzik, Director,  
Department of Transportation

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C. Barry Bateman  
Airport Director

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(Item ) From the Director, Department of Transportation, requesting authorization to execute a renewal land lease agreement between Milwaukee County and Linder Logistics, LLC at General Mitchell International Airport by recommending adoption of the following:

**RESOLUTION**

WHEREAS, Milwaukee County executed an agreement on May 22, 2002, with Lindner Logistics, LLC for the lease of approximately 11,205 square feet of land used for the sole purpose of constructing a truck turnaround for access to the north doors of a warehouse located on the property of Linder Logistics adjacent to General Mitchell International Airport; and

WHEREAS, the term of the agreement was for an initial term of five (5) years commencing February 1, 2002, and ending January 31, 2007. The agreement provided a right and option to renew for one (1) additional term of five (5) years from and after February 1, 2007, establishing a final termination date of January 31, 2012; and

WHEREAS, near the end of the option period, airport staff entered into discussions with Linder Logistics regarding the possible sale of the leased land designated for a truck turnaround from Milwaukee County to Linder Logistics, LLC; and

WHEREAS, the land sale has yet to be finalized; therefore, it is necessary to maintain an agreement between Milwaukee County and Linder Logistics for the lease of approximately 11,205 square feet of land used for the sole purpose of maintaining a truck turnaround for access to the north doors of a warehouse located on the property of Linder Logistics; and

WHEREAS, airport staff recommends that Milwaukee County enter into a renewal land lease with Linder Logistics for the 11,205 square feet of land previously leased under Airport Agreement No. XS-1340, inclusive of the following:

1. The term of the agreement shall be for five (5) years, effective February 1, 2012, with the option to renew the agreement for one (1) additional five (5) year term.
2. The rental rate for the 11,205 square feet of land shall be adjusted to \$.3133 per annum. The rental shall be adjusted annually in accordance with the Consumer Pricing Index.
3. The agreement shall contain the current standard insurance and environmental requirements for land lease agreements at General Mitchell International Airport.



43  
44 WHEREAS, the Transportation, Public Works and Transit Committee, at its meeting  
45 on May 8, 2013, recommended approval (vote\_\_\_\_\_) that Milwaukee County enter into  
46 a renewal land lease agreement for a term of five (5) years commencing February 1, 2012,  
47 and ending January 31, 2017, with one (1) additional five (5) year option under the  
48 standard terms and conditions for similar land lease agreements; now, therefore,  
49

50 BE IT RESOLVED, that the Director, Department of Transportation, and the County  
51 Clerk are hereby authorized and directed to enter into a renewal land lease agreement for a  
52 term of five (5) years commencing February 1, 2012, and ending January 31, 2017, with  
53 one (1) additional five (5) year option under the standard terms and conditions for similar  
54 land lease agreements.  
55

56  
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## MILWAUKEE COUNTY FISCAL NOTE FORM

**DATE:** 4/15/13

Original Fiscal Note ☒

Substitute Fiscal Note ☐

**SUBJECT: AGREEMENT BETWEEN LINDER LOGISTICS, LLC AND MILWAUKEE COUNTY FOR THE LEASE OF LAND AT GENERAL MITCHELL INTERNATIONAL AIRPORT**

### FISCAL EFFECT:

- ☒ No Direct County Fiscal Impact
- ☐ Existing Staff Time Required
- ☐ Increase Operating Expenditures  
(If checked, check one of two boxes below)
- ☐ Absorbed Within Agency's Budget
- ☐ Not Absorbed Within Agency's Budget
- ☐ Decrease Operating Expenditures
- ☐ Increase Operating Revenues
- ☐ Decrease Operating Revenues
- ☐ Increase Capital Expenditures
- ☐ Decrease Capital Expenditures
- ☐ Increase Capital Revenues
- ☐ Decrease Capital Revenues
- ☐ Use of contingent funds

*Indicate below the dollar change from budget for any submission that is projected to result in increased/decreased expenditures or revenues in the current year.*

	Expenditure or Revenue Category	Current Year	Subsequent Year
<b>Operating Budget</b>	Expenditure	0	0
	Revenue	3,510	3,510
	Net Cost	0	0
<b>Capital Improvement Budget</b>	Expenditure		
	Revenue		
	Net Cost		

## DESCRIPTION OF FISCAL EFFECT

In the space below, you must provide the following information. Attach additional pages if necessary.

- A. Briefly describe the nature of the action that is being requested or proposed, and the new or changed conditions that would occur if the request or proposal were adopted.
- B. State the direct costs, savings or anticipated revenues associated with the requested or proposed action in the current budget year and how those were calculated.<sup>1</sup> If annualized or subsequent year fiscal impacts are substantially different from current year impacts, then those shall be stated as well. In addition, cite any one-time costs associated with the action, the source of any new or additional revenues (e.g. State, Federal, user fee or private donation), the use of contingent funds, and/or the use of budgeted appropriations due to surpluses or change in purpose required to fund the requested action.
- C. Discuss the budgetary impacts associated with the proposed action in the current year. A statement that sufficient funds are budgeted should be justified with information regarding the amount of budgeted appropriations in the relevant account and whether that amount is sufficient to offset the cost of the requested action. If relevant, discussion of budgetary impacts in subsequent years also shall be discussed. Subsequent year fiscal impacts shall be noted for the entire period in which the requested or proposed action would be implemented when it is reasonable to do so (i.e. a five-year lease agreement shall specify the costs/savings for each of the five years in question). Otherwise, impacts associated with the existing and subsequent budget years should be cited.
- D. Describe any assumptions or interpretations that were utilized to provide the information on this form.

**The entrance into a renewal agreement between Milwaukee County and Linder Logistics, LLC will have no fiscal impact upon the tax levy of Milwaukee County. Airport rental income will be \$3,510.53 per annum and shall be adjusted annually in accordance with the Consumer Pricing Index. All rental income is included in the current and future operating budget of the Airport.**

Department/Prepared By Steven A. Wright, A.A.E. - Airport Properties Manager

Authorized Signature \_\_\_\_\_

Did DAS-Fiscal Staff Review? ☐ Yes ☒ No

Did CBDP Review?<sup>2</sup> ☐ Yes ☐ No ☒ Not Required

<sup>1</sup> If it is assumed that there is no fiscal impact associated with the requested action, then an explanatory statement that justifies that conclusion shall be provided. If precise impacts cannot be calculated, then an estimate or range should be provided.

<sup>2</sup> Community Business Development Partners' review is required on all professional service and public work construction contracts.

**COUNTY OF MILWAUKEE  
INTEROFFICE COMMUNICATION**

**DATE:** April 15, 2013

**TO:** Supervisor Marina Dimitrijevic, Chairwoman, County Board of Supervisors  
Supervisor Michael Mayo, Sr., Chairman, Transportation, Public Works and Transit Committee

**FROM:** Brian Dranzik, Interim Director, Department of Transportation

**SUBJECT:** **AGREEMENT BETWEEN MILWAUKEE COUNTY AND ROCKWELL  
AUTOMATION, INC. FOR THE LEASE OF LAND AT GENERAL MITCHELL  
INTERNATIONAL AIRPORT**

**POLICY**

Airport agreements with terms longer than one year require approval from the Milwaukee County Board of Supervisors.

**BACKGROUND**

Milwaukee County executed an agreement on July 25, 2007, with Rockwell Automation, Inc. (hereinafter Rockwell), for the lease of approximately 95,200 square feet of land used for the operation and maintenance of an aircraft hangar for the purpose of storing, servicing, and performing minor maintenance on aircraft owned, leased, rented, or operated, by and for the exclusive use of Rockwell and located within the corporate hangar area along South Howell Avenue at General Mitchell International Airport. The agreement was for an initial term of one (1) year commencing June 15, 2007, and ending June 14, 2008. The agreement provided a right and option to renew for three (3) additional terms of one (1) year each from and after June 15, 2008, establishing a final termination date of June 14, 2011.

Rockwell has since requested one-year renewal periods with the last period expiring on June 15, 2013. Rockwell desires to enter into longer term renewal agreements and is now requesting to enter into a renewal agreement effective June 15, 2013, for a term of three (3) years with three (3) additional one (1) year renewal options establishing a final end date of June 14, 2019.

**RECOMMENDATION**

Airport staff recommends that Milwaukee County enter into an agreement with Rockwell Automation, Inc., for the lease of approximately 95,200 square feet of land on which the Rockwell hangar is located, under the standard terms and conditions for similar land lease agreements, inclusive of the following:

1. The term of agreement shall be for an initial term of three (3) years, effective June 15, 2013, and ending June 14, 2016, with Rockwell having the right to renew the agreement for three (3) additional terms of one (1) year each upon the same terms and conditions; provided that such option to renew shall be exercised by Rockwell in writing to the County not less than sixty (60) days prior to the expiration of said lease or renewal thereof.

2. Rental for the 95,200 square feet of land on which the hangar is located shall begin at 32.43¢ per square foot per annum, subject to adjustment each July 1 based upon the Consumer Price Index (All Urban Consumers) for the Milwaukee area, which is computed by comparing the then-current January index with the index of the preceding January.
3. The agreement shall contain the current standard insurance and environmental language for similar hangar land lease agreements.

**FISCAL NOTE**

The entrance into a renewal agreement between Milwaukee County and Rockwell Automation, Inc. will have no fiscal impact upon the tax levy of Milwaukee County. Airport rental income will be \$30,873.00 per annum and shall be adjusted annually in accordance with the Consumer Pricing Index. All rental income is included in the current and future operating budget of the Airport.

Prepared by: Steven A. Wright, A.A.E. – Airport Properties Manager

Approved by:

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Brian Dranzik, Director,  
Department of Transportation

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C. Barry Bateman  
Airport Director

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(Item ) From the Director, Department of Transportation, requesting authorization to execute a renewal land lease agreement between Milwaukee County and Rockwell Automation, Inc. at General Mitchell International Airport by recommending adoption of the following:

## RESOLUTION

WHEREAS, Milwaukee County executed an agreement on July 25, 2007, with Rockwell Automation, Inc. (hereinafter Rockwell), for the lease of approximately 95,200 square feet of land used for the operation and maintenance of an aircraft hangar for the purpose of storing, servicing, and performing minor maintenance on aircraft owned, leased, rented, or operated, by and for the exclusive use of Rockwell and located within the corporate hangar area along South Howell Avenue at General Mitchell International Airport; and

WHEREAS, the agreement was for an initial term of one (1) year commencing June 15, 2007, and ending June 14, 2008; and

WHEREAS, the agreement provided a right and option to renew for three (3) additional terms of one (1) year each from and after June 15, 2008, establishing a final termination date of June 14, 2011; and

WHEREAS, Rockwell has since requested one-year renewal periods with the last period expiring on June 15, 2013; and

WHEREAS, Rockwell desires to enter into longer term renewal agreements and is now requesting to enter into a renewal agreement effective June 15, 2013, for a term of three (3) years with three (3) additional one (1) year renewal options establishing a final end date of June 14, 2019; and

WHEREAS, Airport staff recommends that Milwaukee County enter into an agreement with Rockwell for the lease of approximately 95,200 square feet of land on which the Rockwell hangar is located, under the standard terms and conditions for similar land lease agreements, inclusive of the following:

1. The term of agreement shall be for an initial term of three (3) years, effective June 15, 2013, and ending June 14, 2016, with Rockwell having the right to renew the agreement for three (3) additional terms of one (1) year each upon the same terms and conditions; provided that such option to renew shall be exercised by Rockwell in writing to the County not less than sixty (60) days prior to the expiration of said lease or renewal thereof.

- 46  
47  
48 2. Rental for the 95,200 square feet of land on which the hangar is located  
49 shall begin at 32.43¢ per square foot per annum, subject to adjustment each  
50 July 1 based upon the Consumer Price Index (All Urban Consumers) for the  
51 Milwaukee area, which is computed by comparing the then-current January  
52 index with the index of the preceding January.  
53  
54 3. The agreement shall contain the current standard insurance and  
55 environmental language for similar hangar land lease agreements.; and  
56

57 WHEREAS, the Transportation, Public Works and Transit Committee, at its  
58 meeting on May 8, 2013, recommended approval (vote\_\_\_\_\_) that Milwaukee  
59 County enter into a renewal land lease agreement with Rockwell Automation for a term  
60 of three (3) years commencing June 15, 2013, and ending June 14, 2016, with three (3)  
61 additional one (1) year options under the standard terms and conditions for similar land  
62 lease agreements; now, therefore,  
63

64 BE IT RESOLVED, that the Director, Department of Transportation, and the  
65 County Clerk are hereby authorized and directed to enter into a renewal land lease  
66 agreement with Rockwell Automation for a term of three (3) years commencing June 15,  
67 2013, and ending June 14, 2016, with three (3) additional one (1) year options under the  
68 standard terms and conditions for similar land lease agreements.  
69  
70

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## MILWAUKEE COUNTY FISCAL NOTE FORM

**DATE:** 4/15/13

Original Fiscal Note ☒

Substitute Fiscal Note ☐

**SUBJECT: AGREEMENT BETWEEN MILWAUKEE COUNTY AND ROCKWELL  
AUTOMATION, INC. FOR THE LEASE OF LAND AT GENERAL MITCHELL INTERNATIONAL  
AIRPORT**

### FISCAL EFFECT:

- |  |  |
|--|--|
| <input checked="" type="checkbox"/> No Direct County Fiscal Impact                                     | <input type="checkbox"/> Increase Capital Expenditures |
| <input type="checkbox"/> Existing Staff Time Required  | <input type="checkbox"/> Decrease Capital Expenditures |
| <input type="checkbox"/> Increase Operating Expenditures<br>(If checked, check one of two boxes below) | <input type="checkbox"/> Increase Capital Revenues     |
| <input type="checkbox"/> Absorbed Within Agency's Budget   | <input type="checkbox"/> Decrease Capital Revenues     |
| <input type="checkbox"/> Not Absorbed Within Agency's Budget   |  |
| <input type="checkbox"/> Decrease Operating Expenditures   | <input type="checkbox"/> Use of contingent funds       |
| <input type="checkbox"/> Increase Operating Revenues   |  |
| <input type="checkbox"/> Decrease Operating Revenues   |  |

*Indicate below the dollar change from budget for any submission that is projected to result in increased/decreased expenditures or revenues in the current year.*

	Expenditure or Revenue Category	Current Year	Subsequent Year
Operating Budget	Expenditure	0	0
	Revenue	\$30,873	30,873
	Net Cost	0	0
Capital Improvement Budget	Expenditure		
	Revenue		
	Net Cost		

## DESCRIPTION OF FISCAL EFFECT

In the space below, you must provide the following information. Attach additional pages if necessary.

- A. Briefly describe the nature of the action that is being requested or proposed, and the new or changed conditions that would occur if the request or proposal were adopted.
- B. State the direct costs, savings or anticipated revenues associated with the requested or proposed action in the current budget year and how those were calculated.<sup>1</sup> If annualized or subsequent year fiscal impacts are substantially different from current year impacts, then those shall be stated as well. In addition, cite any one-time costs associated with the action, the source of any new or additional revenues (e.g. State, Federal, user fee or private donation), the use of contingent funds, and/or the use of budgeted appropriations due to surpluses or change in purpose required to fund the requested action.
- C. Discuss the budgetary impacts associated with the proposed action in the current year. A statement that sufficient funds are budgeted should be justified with information regarding the amount of budgeted appropriations in the relevant account and whether that amount is sufficient to offset the cost of the requested action. If relevant, discussion of budgetary impacts in subsequent years also shall be discussed. Subsequent year fiscal impacts shall be noted for the entire period in which the requested or proposed action would be implemented when it is reasonable to do so (i.e. a five-year lease agreement shall specify the costs/savings for each of the five years in question). Otherwise, impacts associated with the existing and subsequent budget years should be cited.
- D. Describe any assumptions or interpretations that were utilized to provide the information on this form.

**The entrance into a renewal agreement between Milwaukee County and Rockwell Automation and Management, LLC will have no fiscal impact upon the tax levy of Milwaukee County. Airport rental income will be \$30,873.00 per annum and shall be adjusted annually in accordance with the Consumer Pricing Index. All rental income is included in the current and future operating budget of the Airport.**

Department/Prepared By Steven A. Wright, A.A.E. - Airport Properties Manager

Authorized Signature \_\_\_\_\_

Did DAS-Fiscal Staff Review? ☐ Yes ☒ No

Did CBDP Review?<sup>2</sup> ☐ Yes ☐ No ☒ Not Required

<sup>1</sup> If it is assumed that there is no fiscal impact associated with the requested action, then an explanatory statement that justifies that conclusion shall be provided. If precise impacts cannot be calculated, then an estimate or range should be provided.

<sup>2</sup> Community Business Development Partners' review is required on all professional service and public work construction contracts.

**COUNTY OF MILWAUKEE  
INTEROFFICE COMMUNICATION**

**DATE:** April 15, 2013

**TO:** Supervisor Marina Dimitrijevic, Chairwoman, County Board of Supervisors  
Michael Mayo Sr., Chairperson, Transportation, Public Works & Transit Committee

**FROM:** Brian Dranzik, Director, Department of Transportation

**SUBJECT:** **AMENDMENT TO AIRPORT LEASE AGREEMENTS BETWEEN MILWAUKEE COUNTY AND STERLING AVIATION, LLC FOR THE EXTENSION OF LEASE FOR AN ADDITIONAL TWO (2) YEAR TERM**

**POLICY**

County Board approval is required for the extension of lease agreements beyond one year at General Mitchell International Airport (GMIA).

**BACKGROUND**

On April 17, 1997, Milwaukee County entered into an agreement (Airport No. HP-1206) with Scott Air Charter for the lease of approximately 81,465 square feet of land at GMIA on which to operate and maintain an aircraft hangar. The agreement was for an initial term commencing on April 1, 1997 and ending March 31, 2007, provided, however, that the Lessee had the right to renew the Agreement for two (2) additional option terms of five (5) years upon the same terms and conditions establishing the final end date of March 31, 2017.

Also on April 17, 1997, Milwaukee County entered into an agreement (Airport No. HP-1207) with Scott Air Charter for the lease of approximately 100,000 square feet of land at GMIA on which to operate and maintain an aircraft hangar. The agreement was for an initial term commencing on April 1, 1997 and ending March 31, 2007, provided, however, that the Lessee had the right to renew the Agreement for two (2) additional option terms of five (5) years upon the same terms and conditions establishing the final end date of March 31, 2017.

These hangar plot land leases were assigned to Sterling Aviation on March 24, 2004. Sterling Aviation is in the process of selling its company and the proposed acquirer cannot finance the assets since the remaining term expires in less than five years. Therefore, Sterling Aviation is now requesting that the County agree to amend the above mentioned lease agreements between Milwaukee County and Sterling Aviation to include an additional term of two (2) years upon the same terms and conditions effective April 1, 2017.

**RECOMMENDATION**

Airport staff recommends that the County approve an amendment to airport lease agreements, Airport No. HP-1206 and Airport No. HP-1207, between Milwaukee County and Sterling Aviation to include an additional term of two (2) years upon the same terms and conditions effective April 1, 2017.

**FISCAL NOTE**

Sterling Aviation, or its new owner, will continue to submit appropriate land rents and fees currently calculated at \$45,184.78 for the two agreements in accordance with the lease agreements. Land rents are adjusted annually in accordance with the Consumer Pricing Index.

Prepared by: Steven A. Wright, A.A.E. - Airport Properties Manager

Approved by:

---

Brian Dranzik, Director  
Department of Transportation

---

C. Barry Bateman  
Airport Director

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(Item ) From the Director, Department of Transportation, requesting authorization to execute an amendment to lease agreements between Milwaukee County and Sterling Aviation, LLC for the extension of the leases for an additional two year term, at General Mitchell International Airport by recommending adoption of the following:

### RESOLUTION

WHEREAS, on April 17, 1997, Milwaukee County entered into an agreement (Airport No. HP-1206) with Scott Air Charter for the lease of approximately 81,465 square feet of land at General Mitchell International Airport (GMIA) on which to operate and maintain an aircraft hangar; and

WHEREAS, the agreement was for an initial term commencing on April 1, 1997 and ending March 31, 2007, provided, however, that the Lessee had the right to renew the Agreement for two (2) additional option terms of five (5) years upon the same terms and conditions establishing the final end date of March 31, 2017; and

WHEREAS, also on April 17, 1997, Milwaukee County entered into an agreement (Airport No. HP-1207) with Scott Air Charter for the lease of approximately 100,000 square feet of land at GMIA on which to operate and maintain an aircraft hangar; and

WHEREAS, the agreement was for an initial term commencing on April 1, 1997 and ending March 31, 2007, provided, however, that the Lessee had the right to renew the Agreement for two (2) additional option terms of five (5) years upon the same terms and conditions establishing the final end date of March 31, 2017; and

WHEREAS, the name of the Lessee for the above-mentioned agreements was changed to Sterling Aviation on March 24, 2004; and

WHEREAS, Sterling Aviation is in the process of selling its company and the proposed acquirer cannot finance the assets since the remaining term expires in less than five years; and

WHEREAS, Sterling Aviation is now requesting that Milwaukee County agree to amend the above-mentioned lease agreements between the County and Sterling Aviation to include an additional term of two (2) years upon the same terms and conditions effective April 1, 2017.

WHEREAS, Airport staff recommends that the County approve amendments to airport lease agreements, Airport No. HP-1206 and Airport No. HP-1207, between Milwaukee County and Sterling Aviation to include an additional term of two (2) years upon the same terms and conditions effective April 1, 2017; and

47 WHEREAS, the Transportation, Public Works and Transit Committee, at its  
48 meeting on May 8, 2013, recommended approval (vote \_\_\_\_\_) that Milwaukee  
49 County execute amendments to the lease agreements between Milwaukee County and  
50 Sterling Aviation, LLC for the extension of the leases for an additional two-year term, at  
51 General Mitchell International Airport now, therefore,  
52  
53

54 BE IT RESOLVED, that the Director, Department of Transportation, and the  
55 County Clerk are hereby authorized and directed to execute amendments to the lease  
56 agreements between Milwaukee County and Sterling Aviation, LLC for the extension of  
57 the leases for an additional two-year term at General Mitchell International Airport.  
58  
59

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## MILWAUKEE COUNTY FISCAL NOTE FORM

**DATE:** 4/15/13

Original Fiscal Note ☒

Substitute Fiscal Note ☐

**SUBJECT:** AMENDMENT TO AIRPORT LEASE AGREEMENTS BETWEEN MILWAUKEE COUNTY AND STERLING AVIATION, LLC FOR THE EXTENSION OF LEASE FOR AN ADDITIONAL TWO (2) YEAR TERM

### FISCAL EFFECT:

- |  |  |
|--|--|
| <input checked="" type="checkbox"/> No Direct County Fiscal Impact                                     | <input type="checkbox"/> Increase Capital Expenditures |
| <input type="checkbox"/> Existing Staff Time Required  | <input type="checkbox"/> Decrease Capital Expenditures |
| <input type="checkbox"/> Increase Operating Expenditures<br>(If checked, check one of two boxes below) | <input type="checkbox"/> Increase Capital Revenues     |
| <input checked="" type="checkbox"/> Absorbed Within Agency's Budget                                    | <input type="checkbox"/> Decrease Capital Revenues     |
| <input type="checkbox"/> Not Absorbed Within Agency's Budget   |  |
| <input type="checkbox"/> Decrease Operating Expenditures   | <input type="checkbox"/> Use of contingent funds       |
| <input type="checkbox"/> Increase Operating Revenues   |  |
| <input type="checkbox"/> Decrease Operating Revenues   |  |

*Indicate below the dollar change from budget for any submission that is projected to result in increased/decreased expenditures or revenues in the current year.*

	Expenditure or Revenue Category	Current Year	Subsequent Year
Operating Budget	Expenditure	45,184	0
	Revenue	45,184	0
	Net Cost	0	0
Capital Improvement Budget	Expenditure		
	Revenue		
	Net Cost		

## DESCRIPTION OF FISCAL EFFECT

In the space below, you must provide the following information. Attach additional pages if necessary.

- A. Briefly describe the nature of the action that is being requested or proposed, and the new or changed conditions that would occur if the request or proposal were adopted.
- B. State the direct costs, savings or anticipated revenues associated with the requested or proposed action in the current budget year and how those were calculated.<sup>1</sup> If annualized or subsequent year fiscal impacts are substantially different from current year impacts, then those shall be stated as well. In addition, cite any one-time costs associated with the action, the source of any new or additional revenues (e.g. State, Federal, user fee or private donation), the use of contingent funds, and/or the use of budgeted appropriations due to surpluses or change in purpose required to fund the requested action.
- C. Discuss the budgetary impacts associated with the proposed action in the current year. A statement that sufficient funds are budgeted should be justified with information regarding the amount of budgeted appropriations in the relevant account and whether that amount is sufficient to offset the cost of the requested action. If relevant, discussion of budgetary impacts in subsequent years also shall be discussed. Subsequent year fiscal impacts shall be noted for the entire period in which the requested or proposed action would be implemented when it is reasonable to do so (i.e. a five-year lease agreement shall specify the costs/savings for each of the five years in question). Otherwise, impacts associated with the existing and subsequent budget years should be cited.
- D. Describe any assumptions or interpretations that were utilized to provide the information on this form.

**Sterling Aviation, or its new owner, will continue to submit appropriate land rents and fees currently calculated at \$45,184.78 for the two agreements in accordance with the lease agreements. Land rents are adjusted annually in accordance with the Consumer Pricing Index.**

Department/Prepared By Steven A. Wright, A.A.E. - Airport Properties Manager

Authorized Signature \_\_\_\_\_

Did DAS-Fiscal Staff Review? ☐ Yes ☒ No

Did CBDP Review?<sup>2</sup> ☐ Yes ☐ No ☒ Not Required

<sup>1</sup> If it is assumed that there is no fiscal impact associated with the requested action, then an explanatory statement that justifies that conclusion shall be provided. If precise impacts cannot be calculated, then an estimate or range should be provided.

<sup>2</sup> Community Business Development Partners' review is required on all professional service and public work construction contracts.



**COUNTY OF MILWAUKEE  
INTEROFFICE COMMUNICATION**

**DATE:** April 15, 2013

**TO:** Marina Dimitrijevic, Chairwoman, County Board of Supervisors  
Michael Mayo, Sr., Chairman, Transportation, Public Works and Transit committee

**FROM:** Brian Dranzik, Director, Department of Transportation

**SUBJECT: IN-LINE BAGGAGE SYSTEM UPDATE**

**POLICY**

Informational.

**BACKGROUND**

The in-line baggage screening system project will provide for “back of-the-house” screening of checked baggage. This project also provides for the removal of the seven (7) large TSA baggage screening devices that are presently located in front of the ticket counters, in the public lobby space.

Construction of the in-line baggage screening building is 60% complete. Installation of the extensive conveyor system and TSA screening devices is underway.

The Airport Director will present a report on this project.

**FISCAL NOTE**

The project cost is \$33 million, funded by TSA grants and Passenger Facility Charges (PFC's).

Prepared by: C. Barry Bateman, Airport Director

Approved by:

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Brian Dranzik, Director  
Department of Transportation

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C. Barry Bateman  
Airport Director

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**COUNTY OF MILWAUKEE**  
**INTER-OFFICE COMMUNICATION**

Date: April 11, 2013

To: Marina Dimitrijevic, Chairwoman, Milwaukee County Board of Supervisors

From: Gary Waszak, Facilities Management Division, Department of Administrative Services

Subject: **WE Energies Request for a Gas Main Easements at at the County Grounds – Action Item**

**ISSUE**

The Department of Administrative Services, Facilities Management Division (DAS-FM) respectfully requests authorization to grant WE Energies permanent easements to allow for the construction, operation and maintenance of gas service in and across the County Grounds to the Childrens Court Center and WE Energies Power Plant.

**BACKGROUND**

The Wisconsin Department of Transportation (WisDOT) has been legislatively authorized to reconstruct the Zoo Interchange by the State of Wisconsin and by the Federal Highway Administration (FHWA) under various state and federal statutes and codes. Various utilities on the County Grounds will be impacted by the proposed interchange improvements, including WE Energies gas distribution system that services County buildings and lessee buildings.

WE Energies has requested a permanent easement to install a new gas service to Childrens Court Center to provide gas for the new heating system. The new heating system is being install to replace the WE Energies steam service that is being terminated as a result of the Zoo Interchange improvements. See Exhibit A for the gas service location.

WE Energies has also requested a permanent easement to relocate a gas service and regulator station near the Power Plant. The existing service and associated regulator station provide gas service to Milwaukee Regional Medical Center facilities. Relocation is required due to the widening of Watertown Plank Road as part of the Zoo Interchange improvements. See Exhibit B for the gas service location.

The final gas service alignments will be set in conjunction with proposed Zoo Interchange improvements, and to minimize impacts to County Grounds property. The proposed easements will provide the land rights to install, operate and maintain the gas services at no cost to the County. All areas disturbed by the construction, operation or maintenance of the subject gas services will be restored to DAS-FM specifications at no cost to the County. Appropriate County staff will review and approve all documents as required prior to execution.

**RECOMMENDATION**

The Director of DAS-FM respectfully recommends that DAS-FM, Corporation Counsel and Risk Management staff be authorized to negotiate, prepare, review, approve, execute and record all documents and perform all actions required to grant permanent easements to WE Energies for the construction, operation and maintenance of gas services as a part of their natural gas distribution system. It is further recommended that the County Executive and County Clerk be authorized to execute the easements and required documents.

Prepared by: Karl Stave, Civil & Site Development Engineer

**Recommended by:**



Greg High, Director  
Architecture, Engineering &  
Environmental Services Section

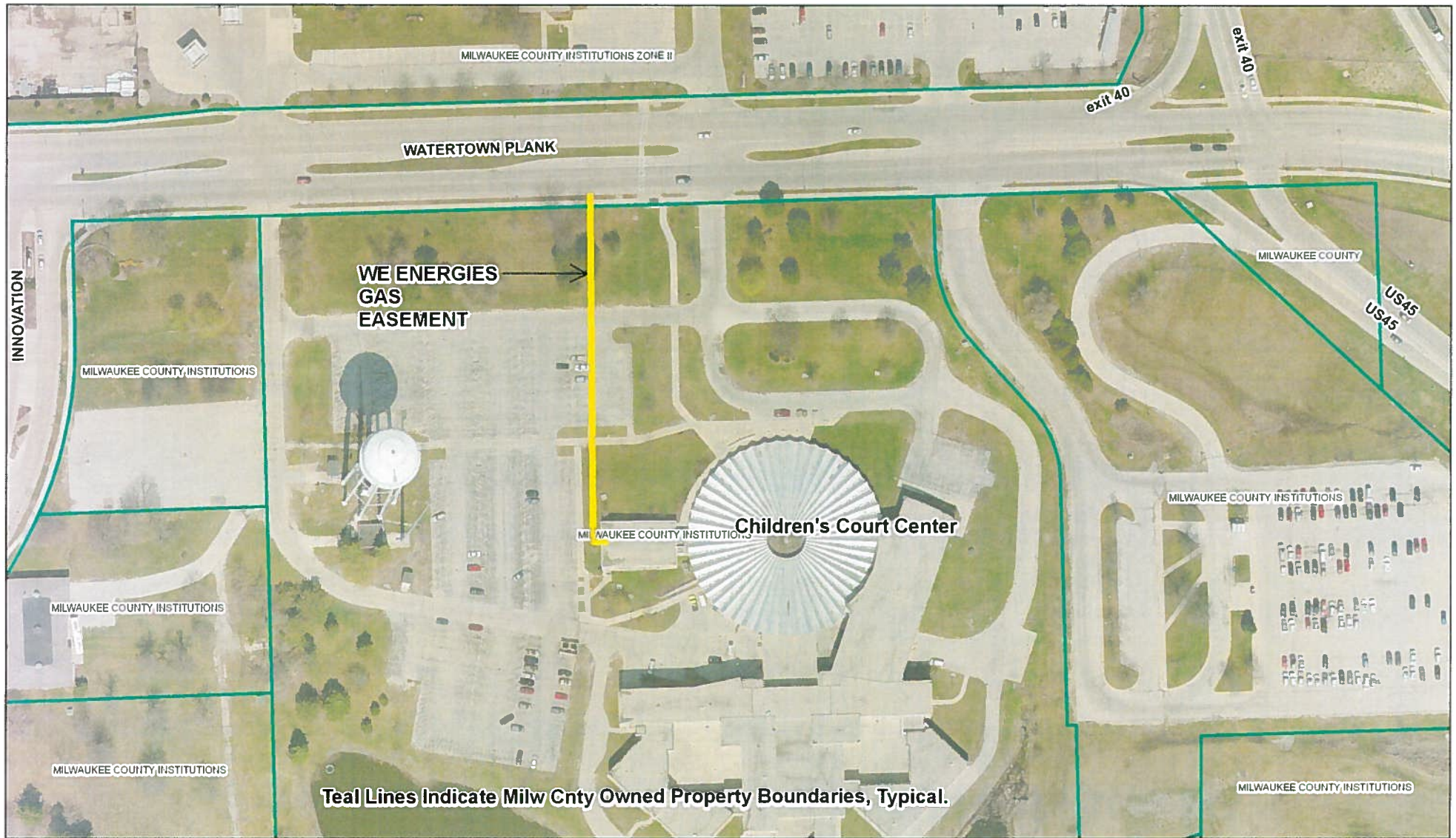
**Approved by:**

Gary Waszak  
Facilities Management Division  
Dept. of Administrative Services

Attachments: Exhibit A – Proposed gas service location at Childrens Court Center  
Exhibit B – Proposed gas service location at WE Energies Power Plant

cc: Chris Abele, County Executive  
Marina Dimitrijevic, County Board Chairwoman  
Supervisor Jim Luigi Schmitt, District 6  
Kimberly Walker, Corporation Counsel  
Don Tyler, Director, Department of Administrative Services (DAS)  
Pam Bryant, Office of the Comptroller  
Greg High, Director, AE&ES (DAS-FM)  
Gary Waszak, DAS-FM

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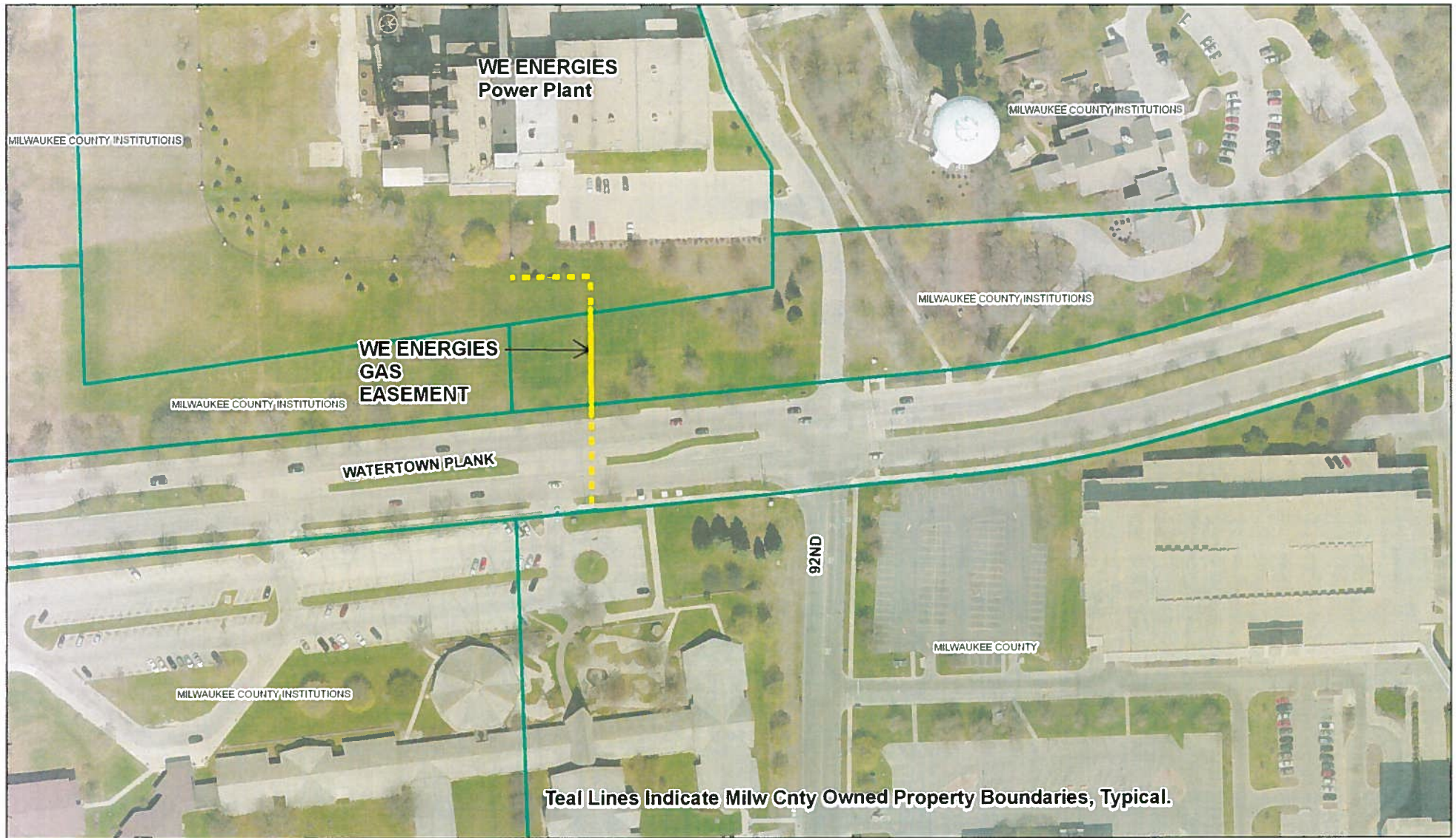


100 50 0 100 Feet

## MILWAUKEE COUNTY GROUNDS - EXHIBIT A







Teal Lines Indicate Milw Cnty Owned Property Boundaries, Typical.

## MILWAUKEE COUNTY GROUNDS - EXHIBIT B

(ITEM NO. ) From the Department of Administrative Services, Facilities Management Division (DAS-FM) respectfully requesting authorization to grant WE Energies permanent easements to allow for the construction, operation and maintenance of gas service in and across the County Grounds to the Childrens Court Center and WE Energies Power Plant, by recommending adoption of the following:

A RESOLUTION

WHEREAS, the Wisconsin Department of Transportation (WisDOT) has been legislatively authorized to reconstruct the Zoo Interchange by the State of Wisconsin and by the Federal Highway Administration (FHWA) under various state and federal statutes and codes; and

WHEREAS, various utilities at the County Grounds will be impacted by the proposed interchange improvements, including WE Energies gas distribution system that services County buildings and lessee buildings; and

WHEREAS, WE Energies has requested a permanent easement to install a new gas service to Childrens Court Center to provide gas for the new heating system; and

WHEREAS, the new heating system is being installed to replace the WE Energies steam service that is being terminated as a result of the Zoo Interchange improvements; and

WHEREAS, WE Energies has also requested a permanent easement to relocate a gas service and regulator station near the Power Plant; and

WHEREAS, the existing gas service and associated regulator station provide gas service to the Milwaukee Regional Medical Center facilities; and

WHEREAS, relocation is required due to the widening of Watertown Plank Road as part of the Zoo Interchange improvements; and

WHEREAS, the final gas service alignments will be set in conjunction with proposed Zoo Interchange improvements, and to minimize the impact to County Grounds property; and

WHEREAS, all areas disturbed by the construction, operation or maintenance of the subject gas services will be restored to DAS-Facilities Management specifications at no cost to the County; and

WHEREAS, appropriate County staff will review and approve all documents as required prior to execution; and

WHEREAS, the Director of DAS-FM has recommended that the authority to prepare, review, approve, execute and record all documents as required to execute the requested easement

48 be granted to DAS-FM, Corporation Counsel, Risk Management, County Clerk, Register of  
49 Deeds, and the County Executive; now, therefore,

50  
51 BE IT RESOLVED, that the Milwaukee County Board of Supervisors does hereby  
52 authorize DAS-FM, Risk Management, Corporation Counsel and Register of Deeds to negotiate,  
53 prepare, review, approve, execute and record all documents, and perform all actions as required  
54 to grant, execute and implement the easements to WE Energies for the construction, operation  
55 and maintenance of a gas services in and across the County Grounds at Childrens Court Center  
56 and WE Energies Power Plant; and

57  
58 BE IT FURTHER RESOLVED that the County Executive and County Clerk are  
59 authorized to execute the easement and required documents.  
60  
61

## MILWAUKEE COUNTY FISCAL NOTE FORM

**DATE:** April 10, 2013

Original Fiscal Note ☒

Substitute Fiscal Note ☐

**SUBJECT:** Authorization to perform all actions as required to grant, execute and implement gas easements for WE Energies for the construction, operation and maintenance of a gas mains in and across the County Grounds at Childrens Court Center and WE Energies Power Plant.

**FISCAL EFFECT:**

- |  |  |
|--|--|
| <input checked="" type="checkbox"/> No Direct County Fiscal Impact<br><input checked="" type="checkbox"/> Existing Staff Time Required<br><input type="checkbox"/> Increase Operating Expenditures<br>(If checked, check one of two boxes below)<br><input type="checkbox"/> Absorbed Within Agency's Budget<br><input type="checkbox"/> Not Absorbed Within Agency's Budget<br><input type="checkbox"/> Decrease Operating Expenditures<br><input type="checkbox"/> Increase Operating Revenues<br><input type="checkbox"/> Decrease Operating Revenues | <input type="checkbox"/> Increase Capital Expenditures<br><input type="checkbox"/> Decrease Capital Expenditures<br><input type="checkbox"/> Increase Capital Revenues<br><input type="checkbox"/> Decrease Capital Revenues<br><input type="checkbox"/> Use of contingent funds |
|--|--|

*Indicate below the dollar change from budget for any submission that is projected to result in increased/decreased expenditures or revenues in the current year.*

	Expenditure or Revenue Category	Current Year	Subsequent Year
<b>Operating Budget</b>	Expenditure	0	0
	Revenue	\$0	0
	Net Cost	0	0
<b>Capital Improvement Budget</b>	Expenditure	0	0
	Revenue	0	0
	Net Cost	0	0



## DESCRIPTION OF FISCAL EFFECT

In the space below, you must provide the following information. Attach additional pages if necessary.

- A. Briefly describe the nature of the action that is being requested or proposed, and the new or changed conditions that would occur if the request or proposal were adopted.
- B. State the direct costs, savings or anticipated revenues associated with the requested or proposed action in the current budget year and how those were calculated.<sup>1</sup> If annualized or subsequent year fiscal impacts are substantially different from current year impacts, then those shall be stated as well. In addition, cite any one-time costs associated with the action, the source of any new or additional revenues (e.g. State, Federal, user fee or private donation), the use of contingent funds, and/or the use of budgeted appropriations due to surpluses or change in purpose required to fund the requested action.
- C. Discuss the budgetary impacts associated with the proposed action in the current year. A statement that sufficient funds are budgeted should be justified with information regarding the amount of budgeted appropriations in the relevant account and whether that amount is sufficient to offset the cost of the requested action. If relevant, discussion of budgetary impacts in subsequent years also shall be discussed. Subsequent year fiscal impacts shall be noted for the entire period in which the requested or proposed action would be implemented when it is reasonable to do so (i.e. a five-year lease agreement shall specify the costs/savings for each of the five years in question). Otherwise, impacts associated with the existing and subsequent budget years should be cited.
- D. Describe any assumptions or interpretations that were utilized to provide the information on this form.

A. WE Energies has requested permanent easements to relocate their existing gas services to address the conflicts with the proposed Zoo Interchange Improvements along Watertown Plank Road Childrens Court Center and the Power Plant.

B. None.

C. Minimal staff costs for review and execution of easement.

D. None.

Department/Prepared By Karl Stave/DAS-FM Division

Authorized Signature \_\_\_\_\_

Did DAS-Fiscal Staff Review? ☐ Yes ☒ No

Did CBDP Review? ☐ Yes ☐ No ☒ Not Required

<sup>1</sup> If it is assumed that there is no fiscal impact associated with the requested action, then an explanatory statement that justifies that conclusion shall be provided. If precise impacts cannot be calculated, then an estimate or range should be provided.

**COUNTY OF MILWAUKEE  
INTEROFFICE COMMUNICATION**

**DATE:** April 12, 2013

**TO:** Supervisor Michael Mayo, Sr., Chairperson, Transportation, Public Works Committee

**FROM:** Gregory High, Director, AE&ES Section, Facilities Management Division, Department of Administrative Services

**SUBJECT: DAS –FM STAFFING PLAN/CONSULTANT USE FOR 2013 CAPITAL IMPROVEMENTS – Supplemental Informational Report**

The Committee on Finance and Audit, and the Committee on Transportation, Public Works and Transit on March 6, 2013 considered a report on the DAS – FM Staffing Plan/Consultant Use For 2013 Capital Improvements. Thereafter, the committee requested a brief supplemental informational report that provides a breakdown of the dollar amounts that Facilities Management Division has spent or foresees to spend on temporary workers and consultants for 2013 Capital Improvements.

**BACKGROUND**

The Department of Administrative Services, Facilities Management Division has reviewed the approved 2013 adopted capital projects and has established an updated staffing and consultant use plan for each. It is anticipated that the dollar charges to capital projects distribution for 2013 capital projects will be allocated as follows:

**Anticipated 2013 Capital Project Dollars**

**AE&ES Section permanent staff**

28 Filled Positions - 48,926 hrs worked	\$5.13 million
---	----------------

8 Vacant Positions - 7,488 hrs worked (assume filled for 6 months of 2013)	\$0.60 million
---	----------------

Sub Total	<b>\$5.73 million</b>
-----------	-----------------------

**Temporary staff**

6 full time positions - 11,916 hrs worked	\$1.38 million
---	----------------

3 part time positions - 1,260 hrs worked	\$0.12 million
--	----------------

Sub Total	<b>\$1.50 million</b>
-----------	-----------------------

<b>Consultants</b>	<b>\$4.12 million</b>
--------------------	-----------------------

<b>Total</b>	<b><u>\$11.35 million</u></b>
--------------	-------------------------------

Supervisor Michael Mayo

Page 2

Date: April 12, 2013

Prepared by: Gregory G. High

Approved by:



Gregory G. High, P.E., Director  
AE&ES Section, DAS-FM Division  
Department of Administrative Services

GGH:

cc: Chris Abele, Milwaukee County Executive  
Amber Moreen, Chief of Staff, County Executive's Office  
Don Tyler, Director, Department of Administrative Services

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**MILWAUKEE COUNTY  
INTER-OFFICE MEMORANDUM**

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**DATE:** April 15, 2013

**TO:** Greg High, Director, Architecture, Engineering, and Environmental Services,  
Department of Administrative Services (DAS)  
Jim Burton, Director, Facilities Management Division, DAS

**FROM:** Jodi Mapp, Committee Clerk  
Committee on Transportation, Public Works, and Transit

**SUBJECT:** **File No. 13-173** - From the Director of Administrative Services  
recommending approval of the Department of Administrative Services,  
Facilities Management Division (DAS-FM) staff and consultant use plan for  
2013 Adopted Capital Projects.

---

The Committee on Transportation, Public Works, and Transit, at its meeting on March 6, 2013, considered the subject report.

Thereafter, Supervisor Weishan requested a brief report be prepared for the April meeting cycle that breaks down the dollar amount the Division has spent or foresees to spend on temporary workers and consultants for 2013.

This memorandum is to serve as a referral to all parties concerned.

**Jodi Mapp**

Committee Clerk

Committee on Transportation, Public Works, and Transit

cc: Supervisor John Weishan  
Martin Weddle, Research Analyst, County Board  
Kelly Bablitch, Chief of Staff, County Board

**COUNTY OF MILWAUKEE**  
**Inter-Office Communication**

DATE: April 22, 2013

TO: Marina Dimitrijevic, Chairwoman  
 Milwaukee County Board of Supervisors

FROM: Julie Esch, Director of Operations  
 Department of Administrative Services

**SUBJECT: Public Policy Forum Report on Milwaukee County's Water Utility  
 (Informational)**

**History**

Currently the water system on the County Grounds services the County facilities of Wil-O-Way, Research Park, Hoyt Pool, Children's Adolescent Treatment Center, Fleet Management, Facilities West, Vel Phillip's Juvenile Justice Center, Highway Building, Mental Health Complex. The water system also provides water to various non-County customers including the WE Energies Power Plant, Froedtert Hospital, Children's Hospital & Ronald McDonald House, Medical College of Wisconsin, the Blood Center, Curative, Parks Administration, Lutheran College Sports Complex, the Day Care Building, and roughly 150 Wauwatosa residents.

The water system was built in 1907 and is comprised of approximately 50 miles of piping and other equipment including three elevated storage towers and two underground storage tanks. Peak water usage in the summer months can exceed two million gallons per day.

The Milwaukee County Grounds was at one time a City unto itself, self-sufficient with its own water and electric utility services. As the Grounds transitioned over a hundred years to the Milwaukee Regional Medical Complex and surrounding entities of today, the County's institutions have all but disappeared. In 1995, Milwaukee County sold the power plant it operated to what is now WE Energies. As a result, the County has slowly supplied less water and electricity to county entities and more to its private customers. Water consumption by Milwaukee County entities on the County Grounds accounts for only 6% of the water distributed by the water system.

**Background**

The State of Wisconsin's reconstruction of the Zoo Interchange has created a situation where Milwaukee County has to react to planning and construction decisions in a very

short period of time. The recent sale of the development portion of the northeast quadrant of the County Grounds to the UWM Real Estate Foundation has made a portion of the oldest part of the water system obsolete. The City of Wauwatosa as part of this development has constructed a new water main in Watertown Plank Road parallel to a major portion of the County's water main.

Given the County's decreased use of the water utility and the Zoo Interchange project that is requiring relocation of existing water utility infrastructure, the Public Policy Forum was contracted jointly by Milwaukee County and the City of Wauwatosa to examine the financial feasibility of transferring the operation of the water system in part or whole to Wauwatosa.

### **Conclusion**

Attached is the final Public Policy Forum Report entitled, "Preliminary Report on the Milwaukee County Water Utility: *Transfer of water services for seven customers.*" Based on the findings of the report, Milwaukee County and the City of Wauwatosa have begun discussions on the report's conclusions.

Rob Henken, President of the Public Policy Forum, has offered to present the report at the May cycle of the Transportation, Public Works and Transit Committee, for informational purposes.

# **PRELIMINARY REPORT ON THE MILWAUKEE COUNTY WATER UTILITY:**

*Transfer of water services for seven customers*

April 2013

**Research by:**

**Davida Amenta, Researcher  
Rob Henken, President**



**Public Policy Forum**

Impartial research. Informed debate.

## TABLE OF CONTENTS

BACKGROUND.....	3
PHASE I TRANSFER .....	6
Effect on user water charges.....	7
Sewer, stormwater and fire service charges.....	7
Phase I transfer agreement .....	8
PHASE II TRANSFER.....	9
Effect on user water charges and comparison of cost structure.....	11
Impact on City and County water system charges .....	13
Operating Cost Impacts.....	14
Infrastructure Issues.....	14
West Water Tower .....	14
SUMMARY OF COSTS AND BENEFITS .....	16
CONCLUSION .....	18
APPENDIX.....	19



## BACKGROUND

Milwaukee County owns and operates a water utility on the Milwaukee County Grounds, an area of County-owned property located entirely within the borders of the City of Wauwatosa. The water utility also maintains the sanitary sewer and stormwater infrastructure on the County Grounds. The water utility was originally developed when the County Grounds was occupied solely by County institutions such as the County Hospital, a poor farm, an orphanage, and a tuberculosis asylum. An electric utility also was developed to serve County functions at the County Grounds, but that utility was sold to We Energies in 1995.

Over the past 100 years, several of the County functions at the site have been privatized, phased out, or moved to other locations. They have been replaced by major regional hospitals such as Froedtert and Children's, related medical facilities such as the Medical College of Wisconsin, and the 175-acre Milwaukee County Research Park, which serves as an incubator for high technology businesses. Significant parcels of the County Grounds also have been sold over time to private sector occupants such as GE Healthcare and, more recently, the University of Wisconsin-Milwaukee Real Estate Foundation for the development of Innovation Park Campus. A substantial portion of the northeast quadrant of the Grounds also remains undeveloped and serves as parkland and natural area, as well as meeting floodwater retention needs.

Today, the major County functions remaining on the County Grounds are its Mental Health Complex (which itself has been reduced by more than 600 beds since the 1990s); the Children's Court/Juvenile Detention Center complex; the administration building for the Department of Parks, Recreation and Culture; a Department of Public Works fleet facility; a Sheriff's substation and a Facilities Maintenance shop. Together, the County-owned facilities only consume about 7% of the water supplied by the County water utility.

The City of Wauwatosa has had a long-standing interest in the County Grounds. With the development of major medical facilities at the site, the County Grounds is a source of jobs and a major driver of economic development in the City. The County Grounds also is important to the City as open space which supplies both environmental and recreational benefits. A City fire station is located on the County Grounds and a portion of the operating cost of that station is charged to the County annually.

Given the mutual interest of the City and the County in the County Grounds – and the low water usage by County entities – on more than one occasion representatives from both entities have studied the transfer of the County water utility to the City. The reconstruction of the Zoo Interchange has given new urgency to this issue. In order to continue to serve all of the customers of the County water utility, the County would need to spend nearly \$1.6 million to fund water main crossings of the new highway at three points. The total cost of these three crossings under this option – including costs assumed by the state – is estimated to exceed \$2 million. The County, or local, cost if these properties were instead served by the City Water Utility would be approximately \$238,000, with a total cost of \$362,000.

The potential for continued erosion of the County's presence on the County Grounds also adds logic to the consideration of transferring the County water utility. A recent report by CB Richard Ellis, commissioned by the County, recommended a consolidation of some of the remaining County functions, such as Children's Court, to the Courthouse in downtown Milwaukee. In addition, the County has been planning for several years to further downsize inpatient and long-term care capacity at its Mental Health Complex as it moves to a community-based model.

The Public Policy Forum has been commissioned by the Milwaukee County Department of Administrative Services (DAS) and the City of Wauwatosa to conduct a research project to explore the advantages and disadvantages of Milwaukee County's continued ownership of the County Grounds water utility, and to consider a possible shift in ownership to the City of Wauwatosa. Working with County and City officials, our intent is to explore the financial and technical considerations that would surround such a shift, and explore options for constructing a "deal" that would be deemed equitable by both parties.

This report is a preliminary analysis that considers the possible transfer of water service solely for two initial areas of the County Grounds (shown as Phases 1 and 2 on the map on the following page). A lengthier report will be produced within the next three months that will consider the possible transfer of the entire service area to the City of Wauwatosa.

The need for a preliminary analysis addressing only two portions of the total service area is dictated by the timing of the Zoo Interchange project. A decision regarding service to the seven customers in those two areas must be made in the near future in order to accommodate a construction schedule that is likely to begin in January 2014. As noted above, both the County and the State could realize significant savings in construction costs if the City were to take over water service. Because the initial two areas are (or will be) served both by City and County water mains, they present an attractive opportunity for the two governments to work jointly to eliminate redundant infrastructure and improve water service to the County Grounds, while reducing its cost.



[illegible]



## PHASE I TRANSFER

The timeline established by the Wisconsin Department of Transportation (DOT) calls for immediate resolution to the question of how the County plans to replace a water main loop, including a crossing of the Zoo Interchange, that serves four customers – Parks Administration, the Wisconsin Lutheran Athletic Fields, the UW Extension Community Gardens and the Wil-O-Way Underwood Recreation Center. Because of an earlier decision reached between the City and County that the Wauwatosa Water Utility would serve the new Innovation Park development, the City already is planning to install water mains to serve that area of the County Grounds. Consequently, the City and County already have reached tentative agreement that the City will assume water service to those four customers, thus eliminating the need for the County to replace its water main. The four entities included in Phase I account for about 926,000 cubic feet (cu ft) of water annually, or 1.8% of the total water demand for the County water utility.

**Table 1** shows costs that would be incurred by the County if it were to continue to serve the four users, and compares that alternative to the agreed-upon plan in which the City would assume the service. The County not only would need to spend \$187,188 to relocate County mains across the highway, but also would need to address an aging water main that connects to the Swan Way crossing and extends across the Innovation Park site. Not only is the main 60 years old and undersized, but it also is buried very deeply, which makes maintenance costly. In order to maintain service to the Phase I customers, this line will need to be replaced in the near future, at an estimated cost of \$863,751. Based on the location of these improvements, it is not anticipated that the Wisconsin Department of Transportation (WisDOT) would pay any share of these construction costs. Also, a new County main in that area would be entirely redundant to the water mains and other infrastructure that the City is installing to serve the Innovation Park Campus.

Meanwhile, under the current plan for the City to take over water service to these four users, the only identified cost to the County is the need to relocate a meter pit to the Wil-O-Way service connection, at a price tag of \$85,000.

**Table 1: Phase I Construction Costs**

County Cost	
Option 1- County Service	
Swan Way Highway Crossing	\$187,188
Future cost - Replacement of 6" water main	\$863,751
Option 1 - Total Cost	\$1,050,938
Option 2 - City Services	
Relocation of Meter pit	\$85,000
<b>Savings with City Service</b>	<b>\$965,938</b>

These construction costs, like all water utility expenses, are included in the rate that is charged to customers and are not a General Fund expense to the County. However, if the County were to fund over \$1 million in construction costs, it is estimated that water charges would increase by 2.6% (assuming an interest rate of 4.16% on the debt incurred to finance the construction). To the extent that County departments are served by the County water utility, this increase also would impact the General Fund.

## Effect on user water charges

**Table 2** compares water charges to these four users under the County and City rate structures. This table shows that three of the four users would experience a substantial reduction in charges with a City takeover of service, although City water rates are currently under review by the PSC and are expected to increase. A more detailed comparison of the cost structure of both utilities is included in the next section of this report.

**Table 2: Change in Water Rates to Phase I Customers**

	Est. City Charge	County Charge	Difference
Parks Admin **	721	394	327
Wil-O-Way **	5,959	9,165	(3,206)
WI Lutheran	14,807	17,414	(2,607)
UW Extension	3,123	4,953	(1,830)
<b>Total County Savings **</b>			<b>(2,879)</b>

Notes: The County water charge is based on the 2011 break-even analysis and does not include any adjustment for the additional \$85,000 in construction costs shown in Table 1. The estimate for the City water charge is based on 2012 rates and includes the public fire protection charge.

\*\* Only those customers that are Milwaukee County departments are included in the estimate of County savings.

Source: Milwaukee County Comptroller's Office and City of Wauwatosa Water Utility.

## Sewer, stormwater and fire service charges

The agreement reached by the City and County regarding the Phase I transfers did not address sewer or stormwater lines that are currently owned and maintained by the County. Later in this report, we note that from an operational perspective, a transfer of water service for all customers of the County water utility logically would dictate consideration of transferring sewer and stormwater services as well. For a Phase I transfer, which involves only four customers, that issue is not as compelling. The transfer of water service for the Phase I customers would create an issue from a billing perspective, however, as the County allocates sewer and stormwater charges based on water usage and uses the water bill as the mechanism for collecting those charges.

A similar issue arises with regard to fire protection charges. In the 2012 budget, the County established a new policy under which tenants on the County Grounds are charged for a share of the fire protection charge paid by the County to the City of Wauwatosa (the total fire protection charge issued by the City was \$1.35 million in 2012). The County allocates the fire protection charge based on water usage and

includes the charge in its billing for water, sewer, and stormwater services. Consequently, the County's transfer of water service for specific customers would require it to develop a new mechanism to charge those customers for fire protection services. This issue would be most relevant to Wisconsin Lutheran, which paid a fire service charge of about \$19,000 in 2012.<sup>1</sup> It also would be an important issue for the County to consider as part of a transfer of the entire utility, as the County could forsake its ability to easily and effectively charge tenants for more than \$1 million of fire protection services.

### **Phase I transfer agreement**

It is commendable that County and City staff recognized the logic of discussing a transfer of water service for the four Phase I customers from the County to the City in light of the City's planned service to the same area of the County Grounds and the costs that otherwise would be incurred by the County to rebuild its infrastructure. In light of the marginal impacts on City and County users and the relatively small one-time capital costs to be incurred by the County to assume the service, it does not appear that compensation should be required from either party. It may be appropriate for the two parties to consider developing a formal intergovernmental agreement to effectuate the transaction.

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<sup>1</sup> The Milwaukee County Research Park also was allocated a fire service charge in 2012 (about \$1,700), but it did not pay the charge because it is not part of the Research Park's current lease agreement with the County.



## PHASE II TRANSFER

WisDOT also is demanding prompt consideration by the County regarding the replacement of water mains that serve three additional water users west of Highway 45 (Children's Court, the County Transportation Department's vehicle maintenance facility, and the Milwaukee County Research Park). Continuing service to those users would require the County to replace water mains to cross Highway 45 at two locations: Watertown Plank Road and south of Watertown Plank Road.

The potential Phase II transfer would need to include the West Water Tower, one of three water towers that serve the County utility. Inclusion of the West Tower would be necessary because if the City were to take over service for these three users, then there would be no lines connecting the West Water Tower to the remaining County system east of the highway.

The three County users in Phase II represent an even smaller proportion of the overall County water system than the services transferred to the City in Phase 1. **Table 3** summarizes water usage of these seven customers. In total, Phase I and Phase II customers represent 3.1% of water usage at the County Grounds.

**Table 3: Water Usage of Phase I and Phase II Customers**

	2011 Water usage (cu ft)
Phase I Water Usage	
Wil-O-Way	265,708
Parks Administration	11,430
Wisconsin Lutheran	504,840
UW Extension Gardens	143,582
Subtotal	925,560
Phase II Water Usage	
County Vehicle Maintenance	242,529
Children's Court	336,700
Research Park	70,170
Subtotal	649,399
Phase I and II Usage	1,574,959
Total Water Usage	50,772,569

**Table 4** shows construction costs relating to Phase II services under two scenarios: an option in which the County continues to serve the three Phase II customers (Option 1); and an option in which these services are transferred to the City water utility (Option 2). The assumed cost breakdown between WisDOT and the County are shown in the table, as well as total costs.

**Table 4: Construction costs relating to Phase II services**

	<b>WisDOT cost</b>	<b>County Cost</b>	<b>Total Cost</b>
Option 1 - County Service	\$465,000	\$560,000	\$1,025,000
Option 2 - City Service			
Abandonment of County mains	\$24,794	\$30,644	\$55,438
New Connection/Cut-in Costs	\$98,951	\$122,299	\$221,250
Option 2 - Total Costs	\$123,745	\$152,943	\$276,688
<b>Savings with City Service</b>	<b>\$341,255</b>	<b>\$407,057</b>	<b>\$748,312</b>

Source: County Department of Administrative Services, Facilities Management Division

In order to maintain County service to these customers, the County and WisDOT would need to make an initial investment of more than \$1 million to replace water mains. Conversely, if these services were transferred to the City, the total investment would be reduced by almost \$750,000, though the County (or the County and City) still would incur approximately \$153,000 in costs. These Option 2 costs relate both to abandonment of some County water mains and new connection costs. New connection costs include installation of a prefabricated building to house the City's telemetry equipment for the West Water Tower (\$25,000), new fire hydrants, and new water mains. These connection costs fall to the County because it is presumed that ownership will remain with the County at the time of WisDOT's final determination. However, because many of these improvements also would benefit the City, the County may be justified in including them in overall negotiations regarding the Phase II transfer.

As currently planned, this transfer to the City also would include a section of water main in the southern loop of Research Park. This 16" County water main would supplement the City's 8" water main at that point.

As noted above, the County's construction costs would be incorporated into the rates charged to customers of the water utility and are not expenses of the County General Fund, except to the extent that increased water rates also will impact the remaining County users at the County Grounds.

Not included in the total County cost is \$157,813 for an interconnection between the two water systems on the east side of Highway 45, in front of the Parks Administration building. This interconnection will provide important backup options for both systems and was one of the recommendations of a 2008 review of the County water utility conducted by Graef Engineering, as well as a 2009 Department of Natural Resources (DNR) sanitary survey of the County utility. This interconnection is highly desirable for both the City and County, and the timing of the Zoo Interchange construction makes it an ideal time to install the connection. However, because the interconnection is not directly related to the water service of either the City or County west of Highway 45, it is not included in this analysis.

Finally, the Phase I analysis revealed that by transferring service to the City for the four Phase I customers, the County could avoid the future replacement of an old, deeply buried water main in the area of Innovation Park. Although future replacement cost avoidance is not so easily quantified in



analyzing Phase II, both the County and City may wish to consider this benefit in evaluating a potential Phase II transfer.

**Table 5** summarizes the combined costs for Phase I and Phase II under both options.

**Table 5: Total Construction/Replacement Costs under Options 1 and 2**

	Phase I	Phase II	Total
<b>Option 1 – County Service</b>			
County cost	\$1,050,938	\$560,000	\$1,610,938
WisDOT cost	0	\$465,000	\$465,000
<b>Total Cost</b>	<b>\$1,050,938</b>	<b>\$1,025,000</b>	<b>\$2,075,938</b>
<b>Option 2 - City Service</b>			
County cost	\$85,000	\$152,943	\$237,943
WisDOT cost	0	\$123,745	\$123,745
<b>Total Cost</b>	<b>\$85,000</b>	<b>\$276,688</b>	<b>\$361,688</b>
<b>Savings - City Service Option</b>			
County	\$965,938	\$407,057	\$1,372,995
WisDOT	0	\$341,255	\$341,255
<b>Total Savings</b>	<b>\$965,938</b>	<b>\$748,312</b>	<b>\$1,714,250</b>

## Effect on user water charges and comparison of cost structure

The County's water rate is based entirely on water usage. (Sewer, stormwater and fire charges also are based primarily on water usage.) At the end of the year, the County Comptroller's Office calculates a break-even rate which allocates the actual cost to operate the water utility in the preceding year. It is important to note that the County's break-even rate includes not only the direct cost of staff and contractual services to operate and maintain the water utility, but also overhead charges relating to the Department of Administrative Services, "central service charges" assigned for the utility's share of costs related to central service departments like the Corporation Counsel and Human Resources, and "legacy costs" relating to retiree benefits which are allocated to the water utility's budget.

In 2013, these overhead expenses included in the Water Utility budget totaled \$168,500. These, or similar, costs will remain in the water utility budget after the transfer of the seven properties and continue to be paid by users; however, if the entire utility is transferred to the City of Wauwatosa, these costs (to the extent they would remain) would need to be absorbed into the overall County budget.

The City's rate structure is graduated, charging a higher amount for the initial 500 cu ft used, then a flat rate per 100 cu ft over that amount. The City water rate also includes quarterly service charges for

water use and fire protection. These charges are based on the size of the meter and increase substantially as meter size increases.

**Table 6** summarizes the change in water charges for the Phase II users and adds the savings shown in Table 2 to calculate the total savings to the County assuming a transfer to the City water utility. The basis for the County charges is the 2011 break-even rate, adjusted for reduced water usage. No adjustment was made for interest costs relating to the \$238,000 in capital expense shown in **Table 5**. As noted above, the City's water rates are now under review by the PSC and are expected to increase.

**Table 6: Change in Water Rates to Phase II Customers**

	Est. City Charge	County Charge	Difference
Fleet **	5,860	8,366	(2,505)
Research Park	2,310	2,420	(111)
Children's Court **	9,920	11,614	(1,695)
<b>Subtotal County Savings **</b>			(4,200)
<b>County Savings Phase I</b>			(2,879)
<b>Total County Savings</b>			(7,079)

Note: The County water charge is based on the 2011 break-even analysis, while the estimate for the City water charge is based on the 2012 rates and includes public fire protection charges.

\*\* Only those customers that are Milwaukee County departments are included in the estimate of County savings.

Sources: Milwaukee County Comptroller's Office, City of Wauwatosa Water Utility.

As shown in **Tables 2** and **6**, the City's water rates are lower than the rates currently charged by the County. In total, the County charges customers \$4.48 for each 1,000 gallons, versus \$3.52 for the City water utility (See Table A-2 in the Appendix). One reason that the County's cost structure is higher than the City's is that the County pays a higher rate to Milwaukee Water Works for its supply of water.

In addition, the County's salary and benefit costs per full-time-equivalent employee (FTE) are higher than the City's. In 2013, the cost per FTE for the County water utility was \$120,900, versus \$95,981 per FTE at the City. Because the County contracts out most of its repair and maintenance work, County water utility employees tend to be highly skilled tradespeople and high-level managers in the Department of Transportation and Public Works (only a portion of the costs of the DTPW manager are allocated to the water utility). In 2013, a portion of DAS administrative time also is being allocated to the water utility. Another factor is the County's comparatively high overall fringe benefit rate, which is 70-80% of salary expense, as compared to 48% at the City (based on 2013 budgets).

The City's water rate reflects many of the same types of costs as the County's, including salaries and benefits, commodities, and services. One difference is that the City water utility makes a payment in lieu of taxes to the City of Wauwatosa. That payment amounted to \$648,562, or 10% of total operating expense, in 2011. The County does not make any similar payment.



## Impact on City and County water system charges

Transferring these seven users to the City water utility would result in small increases in water charges to the remaining users of the County water system. While water usage would decrease, the proportionally small reduction in water demand and infrastructure likely would not allow the County to recognize savings in fixed costs. Those fixed costs, in turn, would need to be spread over a smaller base. In addition, because stormwater and sanitary sewer charges also are derived from water consumption, the reduction in water usage from the seven customers also would affect those charges. **Table 7** shows the estimated change in County charges to remaining County and non-County users that would occur after the Phase I and II transfers.

**Table 7: Change in County Water Rates Attributable to Phase I and II Transfers**

	2011 Combined Charges	Est. Charges after Phases I and II	Change
BHD	84,338	87,072	2,734
CATC	18,347	18,942	595
Parks	19,980	20,628	648
<b>Total County Users</b>	<b>122,666</b>	<b>126,642</b>	<b>3,977</b>
Curative Care Network	19,587	20,222	635
Medical College	544,255	561,899	17,644
Froedert Hospital	537,657	555,087	17,430
Children's Hospital	212,794	219,692	6,898
Ronald McDonald House	17,843	18,421	578
WE Energies	824,193	846,865	22,673
Wisconsin Athletic Club	43,067	44,464	1,396
MRMC	6,927	7,152	225
Blood Center of Wisconsin	14,114	14,571	458

It is important to note that rates charged by the County are based on actual costs each year and are affected by many other types of costs, including repair and maintenance expenses, salary and benefit changes, transfers to a reserve established by the County, etc. While the reduction in customer base would increase rates, other factors could cancel out or add to that increase. For example, if the City were to take over service for these seven properties, the County will need to fund all or part of the \$238,000 in construction costs under Option 2 (see **Table 5**). Assuming that this cost is bond-funded, it would increase interest costs to the water utility and ultimately add to the break-even rate, but that increment is likely to be minor.

On the City's side, adding these seven customers to its system should result in a slight decrease in water rates. However, the City's system is approximately 4.8 times the size of the County's in terms of water consumption, so the effect of adding these users should be minor. Like the County's rates, the City's rates also are determined by multiple factors which can easily overwhelm any changes related to

increased water demand. Furthermore, any rate changes adopted by the City water utility must be approved by the State Public Service Commission.

## **Operating Cost Impacts**

The transfer of three additional customers would not be expected to change the operating costs of either the County or City. The West Water Tower would add some maintenance and inspection expenses to the City utility, but those expenses would not be substantial.

## **Infrastructure Issues**

As noted above, the Phase I tentative agreement reached by the City and County did not address sewer or stormwater maintenance, and a Phase II agreement also may not address that issue. It would be logical, however, to discuss a potential transfer of sewer and stormwater service in conjunction with the possible transfer of all water service to the City.

## **West Water Tower**

The County's West Water Tower, a 500,000-gallon elevated storage tank, is located south of Watertown Plank Road on the west side of Highway 45. In the event that the Phase II services are transferred to the City, this asset logically also would be transferred to the City since no lines would remain to connect it to the County's remaining water system. The water tower has not been recently appraised, so its value is unknown.

The transfer of the West Water Tower from the County to the City would require deliberation over several legal, financial and capacity-related considerations, including the following:

**Ownership:** The two parties would need to consider whether only the tower, or also the land on which the tower is located, would be transferred to the City. A long-term lease arrangement for either the structure, the land, or both also could be considered. In addition, ownership of air rights associated with the tower would need to be considered.

**Cell tower revenue:** The West Water Tower currently houses a cell phone antenna for the T-Mobile phone company that produces approximately \$44,000 in annual revenue for the County. According to a representative from SBA Communications Corporation – which negotiated and administers the cell phone antenna contract with the County – there may be potential to add antennae for additional cell phone carriers on the tower. The two parties would need to consider whether the existing cell phone contract and revenue stream would transfer to the City, and/or whether the County would need to be compensated for any lost revenue or revenue opportunities.

**County's overhead storage capacity:** While the Phase I and II transfers would decrease water demand on the County utility by only 3.1%, the West Water Tower represents 20% of the County's elevated storage. According to a 2008 report produced by GRAEF, standard engineering practice is to have at least an average day's supply of elevated water storage under normal conditions. The



current overhead supply of two million gallons for the remaining two towers is approximately double the existing average daily demand on the entire County utility. However, the County and MRMC would need to review projections of water demand to 2020 and beyond to determine if the East and Central water towers are sufficient to support anticipated growth in water demand.

**Outstanding debt on the West Water Tower:** In 2008, the West Water Tower was reconditioned, the lead paint on the exterior of the tank was removed, and the tank was repainted at a total expense of \$875,789. These improvements were funded primarily with General Obligation bonds issued by the County. The outstanding principal on the West Water Tower is estimated at \$757,000. (Table 8 shows scheduled principal payments on the West Water Tower project – scheduled interest payments were not readily available from the county<sup>2</sup>). The two parties would need to determine whether the bonds associated with the tower would be paid off (and by whom) if the tower were to be transferred to the City, or which entity would have responsibility for remaining debt service payments.

**Table 8: Scheduled Principal Payments on West Water Tower**

Year	Principal Payment
2013	\$44,098
2014	\$60,578
2015	\$76,382
2016	\$76,382
2017	\$76,382
2018	\$76,382
2019	\$76,382
2020	\$76,382
2021	\$76,382
2022	\$76,382
2023	\$40,953
<b>Total</b>	<b>\$756,683</b>

Source: Milwaukee County Comptroller's Office

**Addition to City's physical plant:** The addition of the water tower would add to the value of the City Water Utility's physical plant and its depreciation expense. It is likely that the depreciation schedule adopted by the PSC differs from the depreciation already taken on the tower by the County. In addition, the City water utility makes a payment in lieu of taxes to the City based on the value of its physical plant, and the addition of the West water tower would add to that payment. The treatment of both of these issues would require further discussion with PSC staff.

<sup>2</sup> We obtained a total debt service amount from the County Comptroller's office encompassing all outstanding debt on the water utility. Table 8 represents an estimate of outstanding principal payments for debt associated with the West Water Tower only. We were unable to derive a similar estimate for outstanding interest payments on the West Water Tower bonds, but the Comptroller's office should be able to easily provide those figures.

## SUMMARY OF COSTS AND BENEFITS

Table 9 summarizes the primary costs and benefits of a Phase I and Phase II service transfer that have been identified in this analysis.

**Table 9: Summary of Costs/Benefits**

	Benefits	Costs
<b>City</b>	Additional customer base Addition of West Water Tower storage Possible gain of cell tower revenue of at least \$44,00 per year Supplemental water mains in Research Park	Increased depreciation Possible assumption of \$757,000 of debt on West Water Tower Increased PILOT (benefit to City General Fund)
<b>County</b>	Immediate cost avoidance of \$1.4 million (total cost of maintaining County service) Future cost avoidance related to infrastructure replacement Minor net savings on water costs Possible reduction of \$757,000 of debt on West Water Tower	\$238,000 in expense to transfer service to City Possible loss of at least \$44,000 per year in cell tower revenue Challenges in collecting fire charge Loss of overhead water storage
<b>Water Customers</b>	Reduced water charges Improved service/reliability due to newer water mains	

Several additional considerations surrounding the transfer of the services described above cannot be easily quantified but also should be contemplated. Those include:

**Water quality and supply:** City water service, provided by new infrastructure, is likely to improve water quality and reliability. That would provide a benefit to both County and private users and a possible economic development benefit to the City, as an improved water supply also could enhance the development or re-development potential of these parcels.

**Retirement of antiquated infrastructure:** Part of the County's existing infrastructure that could be retired is old, deeply buried and hard to maintain or poorly located. As discussed above, the County's future replacement costs have not been quantified, but are nevertheless real considerations.

***Responsibility for stormwater and sanitary sewer:*** From the County's perspective, and to some extent the perspective of water users, it would be illogical for the County to retain responsibility for sanitary sewer and stormwater infrastructure if water service is provided by the City, as infrastructure maintenance requirements for the respective services are similar and charges to users typically are blended. This is less of an issue in Phases I and II as it would be for a transfer of the entire water utility, as the County would continue to operate a utility on the County Grounds, albeit in a reduced footprint.



## CONCLUSION

An agreement to transfer water service for seven customers who would be imminently impacted by Zoo Interchange reconstruction appears sensible from the standpoint of reducing overall costs and eliminating the need for redundant infrastructure. Our analysis also demonstrates that both parties to the agreement would stand to realize additional individual benefits – the County from retiring antiquated infrastructure and the City from expanding its service base and obtaining an asset (the West Water Tower) that could expand the capacity and reliability of its water supply system. The Wisconsin Department of Transportation also would recognize a cost savings of more than \$340,000.

Structuring a deal to accomplish the Phase II transfer would be complicated by variables associated with the value of the West Water Tower, its existing debt service, and its cell phone antennae revenue-generating capacity. It would appear, however, that there is considerable potential to establish a framework for negotiating an equitable transfer of water service and ownership of the West Water Tower (including debt payments). We base that statement on the fact that the County possibly could relieve itself of more than \$750,000 in debt, nearly \$1.4 million in capital costs associated with the need to otherwise install and replace water infrastructure, and ongoing repair and maintenance, while the City could obtain a valued asset and the opportunity to earn at least \$44,000 in annual cell tower revenue that would help offset any debt payment or debt service it may have to assume. An independent valuation of the West Water Tower and further consideration of the benefits the tower would bring to the City in terms of added capacity, reliability and revenue-generating potential would be useful pieces in further determining the terms for such a transfer.

## APPENDIX

**Table A-1: General Comparison of City and County Water Utilities**

	County	City
<b>LF of Water Distribution System</b>	71,000	1,056,606
<b>Overhead Storage Capacity</b>	2,500,000	10,200,000
<b>Fire Hydrants</b>	145	2,119
<b>Annual water supply (1,000s of gallons)</b>	373,727	1,782,288
<b>Average Day Demand (MGD)</b>	1.02	4.88
<b>Total Gallons Sold (in 1000s)</b>	379,805	1,542,257
Percent Residential	4.5%	56.2%
Percent Commercial/Public facility	57.3%	37.2%
Percent Industrial	38.2%	6.5%

Notes: The Total Gallons sold by the County exceeds Annual Water Supply purchased from MWW. This discrepancy is explained by the timing of meter readings. MWW has electronic meters that are read remotely at the same time each quarter. The County's meters must be read manually, a process that can take as long as two and a half weeks, so the numbers actually reflect slightly different time periods.

Sources: 2011 City of Wauwatosa PSC Report and 2013 Water Utility Budget; County Comptroller's Office.

**Table A-2: Comparison of 2011 Financial Indicators**

	Milwaukee County	Wauwatosa Water Utility (1)
FTE	3.90	18.24
Total Operating Expense	2,339,151	6,503,214
Total Operating Revenue	2,491,293	7,221,632
Revenue/Expense Ratio	106.5%	111.0%
Source of Supply Expense (MWW only)	512,598	2,273,132
Source of Supply Expense per 1,000 gallons	1.37	1.28
Metered Water Sales	1,702,079	5,430,685
Source of Supply Exp as a % of Water sales	30.1%	41.9%
Metered Sales/1,000 Gallon sold	4.48	3.52
Personnel Expense	505,354	1,569,135
Personnel Expense/Total Op Expense	21.6%	24.1%
Contract Labor and Supplies	240,857	180,800
Contract Labor and Supplies/Op Expense	10.3%	2.8%

Notes: The City Water Utility personnel expense and FTE are adjusted to reflect the transfer from the Sanitary Sewer Fund. The Water Utility is allocated 45% of the FTE and expense of Customer Accounts and 90% of Transmission and Distribution costs.

Sources: 2011 City PSC Report and 2013 Water Utility Budget; 2013 County Adopted Budget

**Table A-3: Comparison of Personnel expenditures, 2013**

	2011	2013
<b>City of Wauwatosa</b>		
Salaries	1,090,301	1,235,784
OT/Other	81,215	83,785
FICA	81,532	92,700
Pension	107,603	103,000
Health Ins	278,732	390,000
Other	43,276	51,294
Total	1,682,659	1,956,563
FTE	20.89	20.39
Pers Expense/FTE	80,568	95,981
Salary Exp/FTE	52,205	60,622
Fringe Benefit Rate	43.6%	48.3%
<b>Milwaukee County</b>		
Salaries	247,093	339,773
Pension/Health	122,098	128,091
FICA	18,905	25,993
Legacy	85,740	103,327
Total	473,835	597,183
FTE	3.66	4.94
Pers Expense/FTE	129,402	120,900
Salary Exp/FTE	67,480	68,787
Fringe Benefit Rate	91.8%	75.8%

Notes: The City's personnel costs are not adjusted here for the transfer to the Sanitary Sewer budget. The County estimates are based on the 2013 calculation of rates for DAS – Facilities Maintenance.

Sources: Wauwatosa Water Utility Budget 2013; County Comptroller's Office.

**COUNTY OF MILWAUKEE  
INTEROFFICE COMMUNICATION**

Date: April 13, 2013

To: Supervisor Michael Mayo, Sr., Chairman, Transportation, Public Works and Transit Committee

From: Brian Dranzik, Director, Department of Transportation

Subject: Public Works Week Activities

**POLICY**

This report is informational.

**BACKGROUND**

Public Works Week is a nationwide recognition of the work that public works employees perform held each year on the third week of May. Milwaukee County's Department of Transportation has a diverse group of men and women who perform a variety of functions supporting services at the Airport, Highway Maintenance, Transportation Planning and Engineering, Fleet Management and Transit. While winter season may be the time when public works is most recognized, the hard work of these men and women continue on throughout the year.

To show our appreciation to these skilled men and women, the Department of Transportation and Public Works will once again use the American Public Works Association National Public Works Week to spotlight all employees and the job they do to keep the County's transportation systems operational.

This year, to kick-off Public Works Week, the Administration Division and Division heads, will host an Employee Appreciation Day on Saturday, May 18 from 10 am to 1 pm for Transportation employees and their families. This event will feature a display of vehicles used in operation from Highway, Airport and Transit divisions. Vehicle demonstrations will be performed by Highway and Fleet divisions and the Airport Fire Department.

On May 21 and 22 the seventh annual "Truck Rodeo" will take place. This event is features safety training, educational sessions and the CDL road course challenge.

**RECOMMENDATION**

No recommendation is required at this time.

Prepared by: Brian Dranzik, Director

Approved by:

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Brian Dranzik, Director of Transportation

Cc: Chris Abele, County Executive  
Marina Dimitrijevic, Chairwoman, Milwaukee County Board of Supervisors  
Amber Moreen, County Executive Chief of Staff  
Kelly Bablitch, Chief of Staff, Milwaukee County Board of Supervisors

**MILWAUKEE COUNTY**  
**INTER-OFFICE COMMUNICATION**

**DATE:** April 10, 2013

**TO:** Supervisor Michael Mayo, Sr., Chairperson, Transportation, Public Works and Transit Committee

**FROM:** Brian Dranzik, Director, Department of Transportation

**SUBJECT: INFORMATIONAL REPORT:** Summary of Fund Transfers for Consideration at the May 2013 Meeting of the Committee on Finance, Personnel and Audit

<u>Description:</u>	<u>Amount:</u>
1. DOT – Transportation Services (Highways Capital)	\$500,000

The Director of the Milwaukee County Department of Transportation (MCDOT) is requesting an appropriation transfer to increase expenditure authority by \$500,000 for capital improvement project WH002012 – Interjurisdictional Traffic Communication System – Congestion Mitigation Air Quality (Interjurisdictional CMAQ).

The 2009 Adopted Capital Improvements Budget included an appropriation of \$500,000 for the design and initial construction of the Interjurisdictional CMAQ project. This 2013 appropriation transfer request of \$500,000 will fund the balance of construction costs necessary to complete this project. There has not been any scope change in the project since its inception.

The 2013 appropriation transfer increases expenditure authority by \$500,000, which is offset by the following: 1) \$360,000 of anticipated federal revenue and 2) \$140,000 of surplus available expenditure authority from capital improvement project WO870011 – County Special Assessments.

The Interjurisdictional CMAQ project allows for improved coordination between traffic signals that are adversely impacting traffic progression along arterial streets. The improvements include updating signal timings and installing communication interconnections between county-operated and state-operated signalized intersections in multiple locations throughout Milwaukee County.



<b>APPROPRIATION TRANSFER REQUEST</b>				FISCAL YEAR 2013	DEPT. NO. 1200/1850	<b>INSTRUCTIONS:</b> REFER TO MILW. COUNTY ADMINISTRATIVE MANUAL SECTION 4.05 FOR INSTRUCTIONS ON PREPARING THIS FORM.				
1699 R4E MILWAUKEE COUNTY										
DEPARTMENT NAME DOT - Transportation Svcs Capital (WH Capital)										
Were Appropriations Requested Below Denied For The Current Budget?						Yes	X	No		
	Line No.	ACCOUNT DISTRIBUTION					OBJECT CODE DESCRIPTION	Transfer Request	DAS Account Modification	
		Fund	Agency	Org. Unit	Revenue/O bject	Activity				Project
<b>TO</b>  (Credit)	1	1200	120	1200	8530		WH002012	Interjurisdictional Traffic - Roadway Construct	500,000	
	2									
	3									
	4									
	5									
	6									
	7									
	8									
	9									
<b>TO TOTALS (Credit)</b>								<b>500,000</b>	<b>\$ -</b>	
<b>FROM</b>  (Debit)	1	1200	120	1200	2699		WH002012	Interjurisdictional Traffic - Other Fed Grants	360,000	
	2	1850	120	1850	8589		WO870011	Special Assessments - Other Capital Outlay	140,000	
	3									
	4									
	5									
	6									
	7									
	8									
	9									
<b>FROM TOTALS (Debit)</b>								<b>500,000</b>	<b>\$ -</b>	

**E X P L A N A T I O N**

An appropriation transfer of \$500,000 is requested by the Director of the Department of Transportation to increase expenditure authority for capital improvement project WH002012 - Interjurisdictional Traffic Communication System - Congestion Mitigation Air Quality (Interjurisdictional CMAQ). This \$500,000 expenditure increase is offset by \$360,000 of anticipated federal revenue for the project and 2) \$140,000 of surplus available expenditure authority from capital improvement project WO870011 - County Special Assessments.

The 2009 Adopted Capital Improvements Budget included an appropriation of \$500,000 (excluding capitalized interest) for WH002012 - Interjurisdictional CMAQ . The initial 2009 appropriation funded the design and initial construction for the project. This 2013 appropriation transfer request of \$500,000 will fund the balance of construction costs necessary to complete this project. There has not been any scope change in the project since its inception.

The Interjurisdictional CMAQ project allows improved coordination between traffic signals that are adversely impacting traffic progression along arterial streets. The improvements include updating signal timings and installing communication interconnections between county-operated and state-operated signalized intersections in multiple locations throughout Milwaukee County.

No tax levy impact results from approval of this appropriation transfer request.

Clark Wantoch, Director of Transportation Services

TYPE OF TRANSFER						TRANSFER NO.	
AP		EB		RB			

IF ADDITIONAL SPACE IS REQUIRED, PLEASE ATTACH ADDITIONAL PAGES.

DATE OF REQUEST	SIGNATURE OF DEPARTMENT HEAD	TITLE
4/10/2013		Director, MCDOT

<b>A c t i o n</b>		Dept. of Administration	County Executive	Finance Committee	County Board
	DATE				
	APPROVE				
	DISAPPROVE				
	MODIFY				